

SUNAC 融創中國

2016 ANNUAL REPORT 年度報告

融創中國控股有限公司

SUNAC CHINA HOLDINGS LIMITED

(於開曼群島註冊成立的有限責任公司)

(Incorporated in the Cayman Islands with limited liability)

Stock Code 股份代號 :1918



ABOUT SUNAC

融創中國控股有限公司

SUNAC China Holdings Limited (the “Company” or “our Company” and together with its subsidiaries, collectively referred to as the “Group”) is specialised in the integrated development of residential and commercial properties and is one of the leading real estate developers in the PRC. In line with its regional focus and high-end positioning strategy, the Company has developed or is developing many high-quality property projects ranging from high-rise residences, detached villas, retail properties and offices in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC.

The Company focuses on high-end property development and management business. Guided by its brand positioning of “Passion for Perfection”, the Company has long been providing high-end products to customers. With the aim of becoming the leader of the real estate industry in China, the Company’s pursuit of high-quality products and services never ends. It is always committed to providing a desirable, elegant life experience to its customers through quality products and services. With its accurate judgment of market trends, keen in-sights into consumer demands and emphasis on high product quality, the Company is ready to adopt cutting-edge concepts at the right time to design and develop its projects, and has created an advanced quality control and supervisory system.

融創中國控股有限公司（「本公司」，連同其附屬公司統稱為「本集團」）為中國的領先房地產發展商之一，專業從事住宅及商業地產綜合開發。本公司堅持區域聚焦和高端精品發展戰略，在中國的一線、環一線及核心城市已發展或正發展眾多優質物業項目，涵蓋高層住宅、聯排別墅、零售物業、寫字樓等多種物業類型。

本公司專注於高端物業的開發和管理，以「至臻，致遠」為品牌方向，持之以恆的為客戶專注打造高端精品物業，立志成為對高端品質不懈追求的中國房地產行業領跑者。本公司用心為客戶提供大氣舒放、貴氣質感、富有品質的高端生活體驗，不懈追求具有恆久價值的優質產品和用心週到的服務。基於對市場發展的精準判斷，對消費者需求的敏銳洞悉，以及對高品質的不懈追求，公司採用先進的設計理念和嚴格的管理監控體系，致力於不斷提升定位、產品規劃設計、建設和服務能力，提升項目綜合品質，打造精品項目。



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CORPORATE INFORMATION

Board of Directors

EXECUTIVE DIRECTORS

Mr. Sun Hongbin (*Chairman*)

Mr. Wang Mengde (*Chief Executive Officer*)

Mr. Jing Hong

Mr. Chi Xun

Mr. Tian Qiang

(appointed as Executive Director with effect from 24 November 2016)

Mr. Shang Yu

Mr. Huang Shuping

(appointed as Executive Director with effect from 24 November 2016)

Mr. Li Shaozhong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok

Mr. Zhu Jia

(re-designated from Non-Executive Director to Independent Non-Executive Director with effect from 24 November 2016)

Mr. Li Qin

Mr. Ma Lishan

Mr. Tse Chi Wai

Joint Company Secretaries

Ms. Mok Ming Wai

Mr. Gao Xi

Authorized Representatives

Mr. Wang Mengde

Ms. Mok Ming Wai

Audit Committee

Mr. Poon Chiu Kwok (*Chairman*)

Mr. Zhu Jia

(appointed as Member of the Audit Committee with effect from 24 November 2016)

Mr. Li Qin

Mr. Ma Lishan

Mr. Tse Chi Wai

Remuneration Committee

Mr. Zhu Jia (*Chairman*)

(appointed as the chairman of the Remuneration Committee with effect from 24 November 2016)

Mr. Sun Hongbin

Mr. Poon Chiu Kwok

(resigned as the chairman of the Remuneration Committee with effect from 24 November 2016)

Mr. Li Qin

Mr. Ma Lishan

Mr. Tse Chi Wai

Nomination Committee

Mr. Sun Hongbin (*Chairman*)

Mr. Poon Chiu Kwok

Mr. Li Qin

Mr. Ma Lishan

Principal Place of Business in Hong Kong

36/F, Tower Two

Times Square

1 Matheson Street

Causeway Bay

Hong Kong

Headquarters and Principal Place of Business in the PRC

10/F, Building C7, Magnetic Plaza
Binshuixi Road, Nankai District
Tianjin 300381
The PRC

Registered Office

190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Legal Advisers

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

As to PRC law:
Jincheng Tongda & Neal Law Firm

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

Principal Bankers

Bank of China
Agricultural Bank of China
Industrial and Commercial Bank of China
China Construction Bank
Ping An Bank
China CITIC Bank
China Merchants Bank
Shanghai Pudong Development Bank
China Bohai Bank
China Minsheng Bank
HSBC
Hang Seng Bank Limited

Stock Code

1918

Company's Website

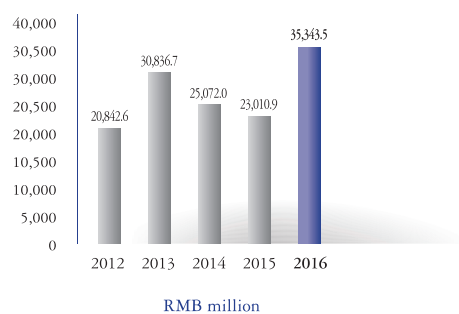
www.sunac.com.cn

FINANCIAL SUMMARY

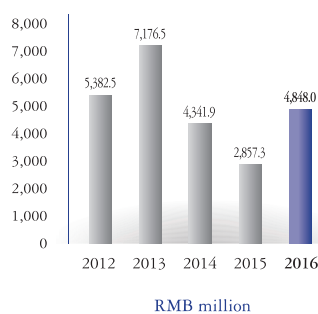
CONSOLIDATED RESULTS

	2016	2015	2014	2013	2012
Revenue (RMB million)	35,343.5	23,010.9	25,072.0	30,836.7	20,842.6
Gross profit (RMB million)	4,848.0	2,857.3	4,341.9	7,176.5	5,382.5
Gross margin (%)	13.7%	12.4%	17.3%	23.3%	25.8%
Profit for the year (RMB million)	2,938.4	3,608.4	3,232.6	3,493.8	2,614.7
Profit attributable to owners of the Copmany (RMB million)	2,478.4	3,297.8	3,222.1	3,178.4	2,607.3
Cash and cash equivalents (including restricted cash) (RMB million)	69,812.7	27,058.3	25,041.4	16,008.7	12,262.7
Dividend per share (RMB)	0.257	0.194	0.190	0.191	0.079
Dividends (RMB million)	991.3	659.6	646.4	635.7	260.7

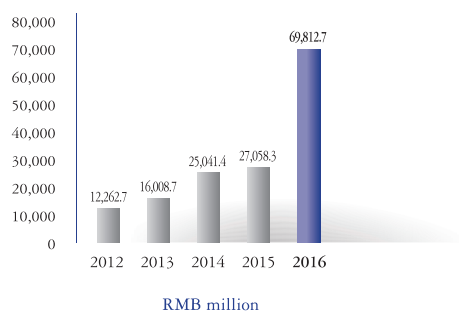
Revenue



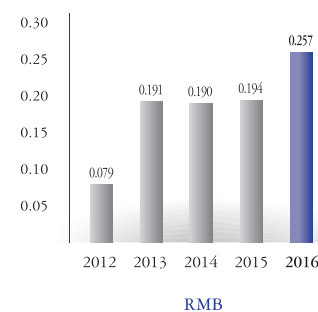
Gross profit



Cash and cash equivalents (including restricted cash)



Dividend per share



Dear Shareholders,

In 2016, the real estate industry has been heated up with the support of destocking policy and continuous liquidity easing. The heat has spread from tier 1 cities and some tier 2 cities with imbalance supply and demand to other major tier 2 cities and surrounding cities of tier 1 cities, most of which showed a status of simultaneous growth in quantity and price. Meanwhile, the trading price of lands in hotspot cities also kept surging and hit record high in most cities. The Company has set aside adequate supply for achieving rapid growth in sales amount, and at the same time acquired numerous quality land bank in existing cities and new tapped into-cities by accurately leveraging financing windows with ample liquidity to get plenty of low cost funds, thereby rapidly completing our nationwide deployment in tier 1 cities and surrounding cities of tier 1 cities and core cities in the PRC, laying a solid foundation for our future sound and sustainable development.

Rapid Growth in Sales and Further Rise in Industry Ranking to No.7

In 2016, contracted sales of the Company for the year reached approximately RMB150,627.6 million, a year-on-year increase of approximately 120.8%; our industry ranking continued to maintain steady rise for years to reach No.7 among the peers; and interest-based sales also achieved a year-on-year increase of approximately 139.1% to reach approximately RMB103,959.3 million, breaking through RMB100 billion for the first time.

Accurate Judgement and Seizing of Historical Opportunities to Acquire Numerous Quality Land bank and Effectively Complete the Nationwide Deployment

In 2016, the Company continued to evaluate the macroeconomics and monetary policies and thoroughly studied and grasped the supply-demand status of various cities. Riding on our reputation, brand and capability in the merger and acquisition market with cash flow security as prerequisite, we by-passed the overheated market and successfully tapped into Shenzhen, Guangzhou, Foshan, Dongguan, Zhengzhou, Xiamen, Qingdao, Nanning and Kunming in due course, rapidly completing our nationwide deployment in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC. As of the end of 2016, the Company had projects in 44 cities with total land bank of approximately 72.91 million sq.m. and attributable land bank of approximately 49.73 million sq.m. Adequate land bank and a balanced urban layout have laid the solid foundation for the stable and better development of the Company in the future.

Financial soundness, ample liquidity and reducing finance costs through ongoing debt structure optimization using market windows

While our business maintained steady growth and we have completed a quality nationwide layout, our financial position also continued to remain sound with ample liquidity. As of the end of 2016, carrying amount of cash of the Company reached approximately RMB69,812.7 million, representing a coverage ratio for short term borrowings of over 200%. In 2016, effectively capturing the policies and the market window for issuance of domestic corporate bonds, the Company successfully issued domestic corporate bonds and ABS of RMB22.5 billion at low cost to replace its historical higher cost financing, further optimizing the debt structure and lowering the overall financing cost. As of the end of 2016, the weighted average finance costs of the Company decreased to approximately 5.98% from approximately 7.60% in 2015, with weighted average finance costs for new borrowings having decreased to approximately 5.78% for the full year.

CHAIRMAN'S STATEMENT

Outlook for 2017

The control policies against the real estate industry starting from the fourth quarter of 2016 will continue to be strengthened. The Company expects that in 2017 the upward momentum of property price in most cities will be gradually restrained, while the property price of cities with healthy supply and demand relationship will not fluctuate significantly as a result of tightened control. The Company will leverage on the ample and optimally distributed inventories available for sale to increase the sell-through rate, ensure the stable and rapid growth in sales, and respond to market volatility with sufficient cash. In the land market, as the land price in most cities continued to rise rapidly, the chance of acquiring lands with the right prices has declined rapidly from the fourth quarter of 2016. The Company will continue to remain cautious, carefully observe the market and patiently wait for the opportunity. In 2017, the Company will further consolidate its capacity of meticulous management in the eight major regions of management, so as to support the continuous enhancement of its profitability with higher operational efficiency, better optimized cost management as well as higher premium of products and brands.

Sunac China Holdings Limited

SUN Hongbin

Chairman of the Board

27 March 2017

Business Highlights

SUMMARY OF PRINCIPAL PROPERTIES

As at 31 December 2016, the Group was engaging in a total of 239 property development projects across 44 cities in the PRC.



BUSINESS REVIEW AND OUTLOOK

The following table sets forth certain details of the Group's projects based on actual or estimated data of the Group and joint ventures and associated companies as of 31 December 2016.

Project Summary as of 31 December 2016								
No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(1)	Sunac West Chateau	Beijing	Mid-rise apartments, retail properties and car parks	190,665	448,109	334,892	October 2015	100.0%
(2)	Wangjing Jinmao Palace	Beijing	High-rise apartments, retail properties and car parks	54,485	154,156	125,220	July 2017	49.0%
(3)	Beijing Fontainbleau Chateau	Beijing	High-rise apartments, townhouses, retail properties and car parks	131,629	403,441	341,989	December 2014	49.5%
(4)	Glory Chateau	Beijing	High-rise and mid-rise apartments, townhouses, detached villas and car parks	183,532	468,701	353,443	December 2017	51.0%
(5)	Beijing One Sino Park	Beijing	Mid-rise apartments and car parks	25,210	100,843	73,824	November 2016	81.9%
(6)	Chang'An Image	Beijing	High-rise apartments, retail properties, serviced apartments and car parks	32,234	481,899	321,596	October 2019	48.0%
(7)	Mentougou New Town	Beijing	Retail properties, serviced apartments and car parks	21,164	151,815	129,787	June 2017	71.0%
(8)	One Central	Beijing	High-rise apartments, retail properties, offices and car parks	14,297	117,654	100,521	April 2017	40.0%
(9)	Beijing One Sino Manor	Beijing	Detached villas, retail properties and car parks	596,029	415,140	371,642	June 2018	51.0%
(10)	Yanqihu Project	Beijing	Detached villas	359,308	259,471	117,870	October 2021	49.0%
(11)	Sunac Live City	Beijing	Mid-rise apartments, retail properties, offices and car parks	132,451	449,696	449,696	August 2014	100.0%

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 31 December 2016 (continued)

No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(12)	Sunac Wisdom Castle	Beijing	Townhouses, retail properties and car parks	121,872	255,075	193,747	October 2017	80.0%
(13)	Metro One	Taiyuan	High-rise apartments, retail properties, serviced apartments and car parks	80,403	465,021	351,766	November 2018	70.0%
(14)	Xuefu Yihaoyuan	Taiyuan	High-rise apartments, retail properties and car parks	98,379	419,364	321,166	December 2018	50.0%
(15)	Park Mansion	Taiyuan	High-rise and mid-rise apartments, retail properties and car parks	35,215	157,605	122,597	June 2018	49.0%
(16)	Fortune Center	Jinan	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	281,815	1,523,727	1,516,245	December 2021	60.0%
(17)	Sino-Singapore	Jinan	High-rise apartments, retail properties, serviced apartments and car parks	611,553	1,814,428	1,814,100	December 2022	60.0%
(18)	Fortune Peak	Jinan	High-rise apartments, retail properties, offices, serviced apartments and car parks	106,913	479,404	479,404	December 2022	60.0%
(19)	Cambridge Mansion	Jinan	High-rise apartments, retail properties and car parks	63,067	269,600	260,659	December 2018	60.0%
(20)	Fortune Peak-Rongyue	Jinan	Retail properties, offices, serviced apartments and car parks	17,604	136,628	127,017	December 2019	60.0%
(21)	Donghai Yihao	Jinan	Townhouses and retail properties	113,865	76,007	67,130	September 2018	16.0%
(22)	Sunac Longruidao Project	Qingdao	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	760,802	1,238,592	1,201,742	September 2025	90.0%
(23)	Sunac Hongdao Yihaoyuan	Qingdao	High-rise apartments, detached villas, retail properties and car parks	67,677	143,811	143,811	December 2018	100.0%

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 31 December 2016 (continued)

No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(24)	Sunac Hangkongjidi Project	Qingdao	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	190,192	776,083	776,083	October 2019	90.0%
(25)	Sunac Urban Center	Qingdao	High-rise and mid-rise apartments, townhouses, retail properties and car parks	848,570	1,968,050	1,816,081	December 2020	100.0%
(26)	Ningyuanbao Project	Zhangjiakou	High-rise apartments, retail properties and car parks	54,917	171,133	130,440	December 2018	78.0%
(27)	Sunac Yongqing Meijing Project	Langfang	High-rise apartments, retail properties, serviced apartments and car parks	393,473	1,299,539	1,185,899	December 2020	52.0%
(28)	Erhai	Yantai	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	279,152	793,153	790,741	November 2027	36.0%
(29)	Sunac Glorious Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	121,412	307,510	307,510	October 2013	100.0%
(30)	Sunac Central Academy	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	268,421	752,621	703,793	December 2016	100.0%
(31)	Sunac Pl Du Pantheon	Tianjin	High-rise apartments, townhouses, retail properties and car parks	70,600	244,491	226,986	December 2014	100.0%
(32)	Horizon Capital	Tianjin	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	111,446	393,171	387,408	October 2017	49.0%
(33)	Tianjin Dream Of Mansion	Tianjin	Mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks	120,059	239,863	220,371	December 2018	50.0%
(34)	Sunac Binhai Center	Tianjin	Retail properties, offices, serviced apartments and car parks	17,161	209,687	202,501	August 2021	80.0%
(35)	Tianjin Orchid Garden	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	15,742	116,051	105,195	June 2018	47.0%

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 31 December 2016 (continued)

No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(36)	River And Sea	Tianjin	High-rise apartments, retail properties and car parks	59,660	282,834	282,834	July 2019	47.0%
(37)	Sunac Bay Island	Tianjin	High-rise and mid-rise apartments, townhouses, retail properties, offices, serviced apartments and car parks	232,569	594,915	571,915	May 2020	54.0%
(38)	Sunac Top Mansion Of The Dongting	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	109,537	273,012	244,166	December 2015	100.0%
(39)	Tianjin Hopsca Center	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	227,659	901,738	751,412	September 2019	80.0%
(40)	Tianjin Majestic Mansion	Tianjin	Mid-rise apartments and car parks	60,088	97,634	95,092	December 2016	40.8%
(41)	The National Village	Tianjin	High-rise and mid-rise apartments, townhouses, retail properties and car parks	321,417	942,054	871,413	October 2019	39.2%
(42)	Sunac Tianjin Glorious Garden	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	164,956	483,807	438,474	December 2019	60.0%
(43)	Teda City	Tianjin	Retail properties, serviced apartments and car parks	121,214	451,279	451,279	November 2021	47.0%
(44)	Sunac City	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	261,350	699,791	653,519	October 2019	75.0%
(45)	North Sunac City	Tianjin	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	129,775	462,798	451,609	March 2020	61.2%
(46)	Tianjin Yin	Tianjin	Retail properties, serviced apartments and car parks	5,981	62,200	59,713	May 2021	50.0%
(47)	Tianjin Majestic Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	95,500	263,763	243,763	June 2019	30.0%
(48)	Sunac 181 Central Park	Tianjin	High-rise apartments, offices and car parks	17,862	83,872	83,872	October 2018	100.0%

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 31 December 2016 (continued)

No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(49)	Grand Garden	Tianjin	Mid-rise apartments, retail properties and offices	110,415	330,100	330,100	December 2020	50.0%
(50)	Jiuxi Garden	Tianjin	Retail properties, serviced apartments and car parks	11,521	79,093	79,093	August 2020	50.0%
(51)	Sunac Lakeside Origin	Tianjin	Townhouses	518,312	379,460	312,594	December 2019	100.0%
(52)	Riverside Mansion	Tianjin	High-rise and mid-rise apartments, townhouses, retail properties, offices and car parks	265,271	643,766	603,942	November 2019	70.0%
(53)	Xi'an Master Classic	Xi'an	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	15,436	274,582	266,189	December 2018	56.0%
(54)	Xi'An Dream Of Mansion	Xi'an	High-rise and mid-rise apartments, retail properties and car parks	99,491	310,501	283,941	October 2018	56.0%
(55)	Xi'An Orchid Garden	Xi'an	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	29,555	119,507	110,552	December 2018	56.0%
(56)	Lanyuefu Kairui Shangye	Xi'an	Retail properties, serviced apartments and car parks	33,271	106,335	82,179	March 2021	53.2%
(57)	Lanyuefu Kaicheng	Xi'an	High-rise and mid-rise apartments, detached villas, retail properties and car parks	143,373	336,896	302,336	April 2020	56.0%
(58)	Lanyuefu Kairui	Xi'an	High-rise apartments, detached villas, retail properties and car parks	53,067	178,361	156,176	March 2019	56.0%
(59)	Gaoxin Glorious Garden	Xi'an	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	38,371	193,648	174,899	December 2018	56.0%
(60)	Xi'An Central Glorious	Xi'an	High-rise and mid-rise apartments, retail properties, offices and car parks	62,424	321,186	299,836	September 2019	20.0%
(61)	Sunac The One Park	Xi'an	High-rise and mid-rise apartments, retail properties and car parks	91,611	355,915	338,115	June 2019	100.0%

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 31 December 2016 (continued)

No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(62)	Xi'an Majestic Mansion	Xi'an	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	34,728	157,056	141,844	March 2019	56.0%
(63)	Elephant Lake King Mansion	Zhengzhou	High-rise and mid-rise apartments, townhouses, retail properties and car parks	263,139	839,266	580,200	October 2019	70.0%
(64)	Sunac One Guanland	Zhengzhou	High-rise and mid-rise apartments, retail properties and car parks	142,854	451,182	370,974	July 2019	80.0%
(65)	Zhengzhou Master Classic	Zhengzhou	High-rise and mid-rise apartments, retail properties and car parks	117,627	523,245	370,292	March 2019	51.0%
(66)	Dahe Chenyuan	Zhengzhou	High-rise and mid-rise apartments, townhouses and car parks	60,427	120,398	120,398	December 2018	5.6%
(67)	Sunac Central One Park	Zhengzhou	Mid-rise apartments and car parks	46,893	154,156	67,005	October 2018	100.0%
(68)	Central Mansion	Zhengzhou	High-rise and mid-rise apartments, retail properties and car parks	43,881	399,139	277,535	June 2019	70.0%
(69)	Sunac Zhongrui Project	Shenyang	High-rise and mid-rise apartments, retail properties and car parks	59,242	154,560	154,560	September 2019	100.0%
(70)	Sunac Dalian Yanqi Lake	Dalian	High-rise and mid-rise apartments, retail properties and car parks	140,200	237,677	186,922	November 2016	50.0%
(71)	Sunac Daqing Lianxiangcheng	Daqing	High-rise apartments, retail properties and car parks	118,578	385,804	383,056	December 2017	100.0%
(72)	Sunac Shanghai Magnolia Garden	Shanghai	High-rise and mid-rise apartments and car parks	58,163	126,092	116,738	June 2013	100.0%
(73)	Yulan Glorious Garden	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	72,803	162,914	146,727	June 2015	49.0%
(74)	Shanghai Magnolia Mansion	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	60,206	117,715	98,172	January 2016	50.0%
(75)	Shanghai Francais Demeure	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	75,091	182,344	158,539	December 2015	49.0%

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 31 December 2016 (continued)

No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(76)	Sunac Shanghai One Sino Park	Shanghai	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	99,187	659,107	560,893	May 2019	100.0%
(77)	Sunac The Bund 188	Shanghai	Retail properties, serviced apartments and car parks	10,239	57,866	50,024	September 2016	100.0%
(78)	Sunac Central Garden	Shanghai	High-rise apartments, retail properties, offices, serviced apartments and car parks	211,626	610,816	517,760	December 2018	100.0%
(79)	Sunac Daning North Magnolia Mansion	Shanghai	High-rise apartments and car parks	66,170	170,403	151,491	December 2016	100.0%
(80)	Rose Mansion	Shanghai	Mid-rise apartments and car parks	45,710	126,100	81,980	June 2019	50.0%
(81)	Fortune Riverside	Shanghai	High-rise apartments, retail properties and car parks	36,988	165,530	152,269	December 2019	47.0%
(82)	Huafeng Project	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	649,838	1,574,413	1,398,687	December 2025	42.3%
(83)	Pujiangzhen Project	Shanghai	Detached villas and car parks	131,112	180,427	95,060	December 2018	40.0%
(84)	Sunac Sijing Project	Shanghai	Mid-rise apartments and car parks	43,599	126,100	108,795	December 2018	60.0%
(85)	Sunac Shanghai Gem Park	Shanghai	Retail properties, serviced apartments and car parks	21,253	55,436	55,436	November 2017	100.0%
(86)	Sunac Pu Jian Road 727	Shanghai	High-rise apartment, retail properties and car parks	8,600	25,961	25,961	December 2016	100.0%
(87)	Lijiang Shanshui	Shanghai	High-rise apartments, townhouses, retail properties and car parks	111,383	196,593	158,908	September 2019	95.0%
(88)	Qingpu 02-01 Land Plot	Shanghai	Mid-rise apartments and car parks	15,086	48,039	43,641	December 2018	49.0%
(89)	Qingpu 36-01 Land Plot	Shanghai	High-rise apartments, retail properties and car parks	36,279	137,038	124,397	June 2019	30.0%
(90)	Sunac Beijinglu Project	Shanghai	High-rise apartments, serviced apartments, retail properties and serviced apartments	23,422	84,500	84,500	December 2021	100.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(91)	Zhuqiao Project	Shanghai	High-rise and mid-rise apartments and car parks	140,253	380,303	352,273	December 2018	33.0%
(92)	Nanjing Fairy Land	Nanjing	Mid-rise apartments, townhouses and detached villas	212,900	109,737	70,455	June 2020	51.0%
(93)	Sunac Nanjing Glorious Garden	Nanjing	Mid-rise apartments, retail properties and car parks	62,234	150,754	128,421	December 2017	100.0%
(94)	Nanjing Magnolia Mansion	Nanjing	High-rise apartments, retail properties and car parks	68,020	259,753	256,036	June 2018	58.8%
(95)	Jiangning Taowu Villa	Nanjing	Townhouses, detached villas, serviced apartments and car parks	113,169	71,918	59,868	December 2018	51.0%
(96)	Sunac Nanjing Gem Park	Nanjing	Retail properties and serviced apartments	16,052	58,803	42,568	May 2017	100.0%
(97)	Nanjing G53 Project	Nanjing	High-rise and mid-rise apartments, retail properties and car parks	45,636	114,019	107,222	May 2019	49.0%
(98)	Suzhou Fairy Land	Suzhou	Detached villas	213,852	263,930	126,725	December 2018	56.7%
(99)	Sunac Suzhou Majestic Mansion	Suzhou	Mid-rise apartments and detached villas	155,664	215,266	122,097	December 2013	100.0%
(100)	Sunac Shishan Majestic Mansion	Suzhou	Mid-rise apartments and car parks	104,401	175,116	134,043	December 2016	100.0%
(101)	Sunac Shihu Fairy Land	Suzhou	Mid-rise apartments, retail properties and car parks	74,473	133,111	80,089	December 2017	95.0%
(102)	Sunac Taihu Town	Suzhou	High-rise apartments and car parks	26,905	85,075	66,517	June 2019	100.0%
(103)	Sunac Suzhou One Park	Suzhou	High-rise apartments, retail properties, serviced apartments and car parks	71,842	395,046	293,673	November 2021	100.0%
(104)	Suzhou Fontainebleau	Suzhou	High-rise and mid-rise apartments and car parks	169,985	331,741	308,603	January 2021	50.0%
(105)	Kunshan Guangminglu Project	Suzhou	High-rise and mid-rise apartments, retail properties and car parks	100,841	328,263	246,105	June 2020	50.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(106)	Kunshan Magnolia Mansion	Suzhou	High-rise and mid-rise apartments and car parks	76,672	202,822	190,194	May 2020	50.0%
(107)	Sunac Wuxi Magnolia Garden	Wuxi	High-rise apartments, retail properties and car parks	180,826	564,591	543,538	December 2015	100.0%
(108)	Wuxi Magnolia Garden West	Wuxi	High-rise apartments, retail properties, offices and car parks	171,572	533,068	510,697	November 2018	39.0%
(109)	Comphorwood Mansion	Wuxi	High-rise and mid-rise apartments, detached villas, retail properties and car parks	203,070	645,116	567,811	November 2019	51.0%
(110)	Sunac Swan Lake	Wuxi	High-rise and mid-rise apartments, detached villas, retail properties, serviced apartments and car parks	706,889	1,392,554	1,283,905	December 2016	100.0%
(111)	Sunac Dream Of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	558,771	1,041,122	909,904	December 2018	100.0%
(112)	Wuxi Royal Mansion	Wuxi	High-rise apartments, retail properties and car parks	100,539	297,148	285,864	October 2019	50.0%
(113)	Xingangchang Project	Wuxi	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	150,686	509,009	485,249	November 2021	52.5%
(114)	Sunac Huaxicun Project	Wuxi	High-rise and mid-rise apartments, retail properties and car parks	95,087	248,356	229,486	May 2019	100.0%
(115)	Sunac Nine Jade City	Wuxi	High-rise and mid-rise apartments, retail properties and car parks	122,496	418,054	398,976	December 2018	95.0%
(116)	Sunac Gaolanglu Land	Wuxi	High-rise apartments and car parks	24,702	80,113	74,983	December 2018	100.0%
(117)	Sunac Royal Garden	Wuxi	High-rise apartments, townhouses, detached villas, retail properties and car parks	268,945	465,986	394,978	November 2018	100.0%
(118)	Sunac Superme Etiquette	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and car parks	133,068	332,813	204,846	October 2018	100.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(119)	Sunac Wuxi Balance City	Wuxi	High-rise and mid-rise apartments, retail properties and car parks	92,258	274,962	209,645	July 2016	100.0%
(120)	Jiuxitai	Nantong	High-rise and mid-rise apartments and car parks	37,248	87,196	61,866	December 2018	50.0%
(121)	Sunac Jiangsu Junzhidi	Nantong	High-rise apartments, detached villas, retail properties, serviced apartments and car parks	159,448	512,281	501,153	May 2019	100.0%
(122)	Sunac Qidong Junzhidi	Nantong	High-rise apartments, detached villas, retail properties, serviced apartments and car parks	135,321	357,815	350,822	May 2019	100.0%
(123)	Residence 1895	Nantong	High-rise apartments and car parks	73,500	161,551	123,428	December 2018	50.0%
(124)	Sunac Changzhou Magnolia Square	Changzhou	High-rise and mid-rise apartments, townhouses, detached villas, retail properties and car parks	416,042	1,126,588	1,020,289	November 2019	97.0%
(125)	Ensen Mansion	Changzhou	Mid-rise apartments, retail properties and car parks	33,087	72,557	45,499	December 2016	49.0%
(126)	Sunac Riverside Mansion	Jiangyin	Mid-rise apartments, townhouses, retail properties and car parks	83,824	146,217	99,536	December 2015	100.0%
(127)	Sunac Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and car parks	1,713,641	2,576,975	2,074,048	December 2015	100.0%
(128)	Sunac Eton Manor	Chongqing	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	179,204	405,901	303,940	December 2014	100.0%
(129)	Sunac Guardian Manor	Chongqing	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	159,793	563,089	382,715	December 2015	100.0%
(130)	Versails	Chongqing	High-rise and mid-rise apartments, townhouses, retail properties and car parks	397,844	1,370,775	975,557	November 2018	81.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(131)	Sunac Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, retail properties, offices, serviced apartments and car parks	118,912	744,236	576,237	December 2013	100.0%
(132)	Sunac The European Garden For City -West	Chongqing	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	498,525	1,287,320	958,632	December 2021	100.0%
(133)	Powpre Fontainebleau	Chongqing	Townhouses, detached villas, retail properties and car parks	147,400	160,018	126,754	June 2020	90.0%
(134)	Hastin Avenue	Chongqing	High-rise apartments, retail properties and car parks	75,258	501,833	331,129	December 2019	51.0%
(135)	The European Garden For City -East	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, serviced apartments and car parks	834,509	2,052,758	1,477,974	December 2024	51.0%
(136)	Chongqing Rose Garden	Chongqing	Detached villas, retail properties and car parks	135,179	169,602	130,084	June 2018	90.0%
(137)	Expo City	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and car parks	618,622	1,554,415	1,047,031	December 2020	51.0%
(138)	Camb Garden	Chongqing	Mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	138,735	477,993	317,890	December 2018	49.0%
(139)	Binjiang Yihao	Chongqing	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	95,974	517,869	342,098	June 2019	50.1%
(140)	Fallingwater	Chongqing	Townhouses, retail properties and car parks	155,707	117,808	101,153	December 2018	70.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(141)	Yuelai Shengtaicheng	Chongqing	Mid-rise apartments, townhouses, detached villas, retail properties and car parks	207,435	459,829	385,985	June 2019	50.0%
(142)	Chongqing Raycom City	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks	634,625	1,163,974	931,474	December 2006	100.0%
(143)	Sunac Diaoyutai	Chongqing	High-rise and mid-rise apartments, retail properties, offices and car parks	218,421	1,049,536	898,723	June 2022	100.0%
(144)	Sunac Ziyou Shiguang	Chongqing	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	112,876	373,471	315,349	June 2018	100.0%
(145)	Sunac Sky Villa	Chengdu	High-rise apartments, retail properties and car parks	108,166	454,893	410,003	October 2015	100.0%
(146)	Sunac Sky Villa Condominiums	Chengdu	High-rise apartments, retail properties and car parks	29,592	123,210	116,879	September 2015	100.0%
(147)	Sunac Guanghua Center	Chengdu	High-rise apartments, retail properties, offices and car parks	76,089	366,892	343,183	May 2015	100.0%
(148)	Sunac Chengdu Villa Royale	Chengdu	Townhouses, detached villas, retail properties and car parks	205,254	271,819	270,127	June 2018	100.0%
(149)	Sunac Nano Residence	Chengdu	High-rise apartments, retail properties, offices, serviced apartments and car parks	16,833	111,402	101,109	May 2019	100.0%
(150)	Sunac Residence Du Lac	Chengdu	High-rise apartments, retail properties and car parks	99,893	398,797	374,737	December 2017	100.0%
(151)	Sunac Residence Du Paradis	Chengdu	High-rise apartments, retail properties and car parks	99,609	814,689	740,348	November 2018	100.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(152)	Sunac Fairview House	Chengdu	High-rise apartments, retail properties and car parks	11,851	87,032	79,763	December 2015	100.0%
(153)	Chengdu Dream Of Mansion	Chengdu	High-rise apartments, retail properties and car parks	37,757	216,522	201,536	December 2017	70.0%
(154)	Kaixuan Dongan	Chengdu	High-rise and mid-rise apartments, retail properties and car parks	56,624	225,834	202,785	December 2017	60.0%
(155)	Kaixuan Gongguan	Chengdu	High-rise apartments, retail properties and car parks	70,674	275,453	246,195	January 2016	60.0%
(156)	Luhu Zhichun	Chengdu	High-rise apartments, townhouses, detached villas, retail properties and car parks	179,886	402,335	330,448	June 2019	60.0%
(157)	Sunac Jinniu Yiyuan	Chengdu	High-rise and mid-rise apartments, retail properties and car parks	68,244	166,893	141,503	December 2018	100.0%
(158)	Sunac Xinchuan 56 Mu	Chengdu	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	37,517	195,634	178,595	June 2018	100.0%
(159)	Sunac Xinchuan 143 Mu	Chengdu	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	95,626	522,274	464,470	June 2019	100.0%
(160)	Sanshengxiang Project	Chengdu	High-rise apartments, retail properties, serviced apartments and car parks	31,325	188,808	167,109	March 2019	50.0%
(161)	Yilitang Project	Chengdu	High-rise apartments, townhouses, retail properties and car parks	79,462	227,510	196,017	May 2019	100.0%
(162)	Crabapple Mansion	Nanning	High-rise and mid-rise apartments, retail properties and car parks	97,278	461,783	446,643	October 2018	60.0%
(163)	Mingyue Mansion	Nanning	High-rise apartments, retail properties and car parks	82,682	557,360	547,465	June 2019	51.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(164)	Sunac Nanning Residences	Nanning	High-rise apartments, retail properties and car parks	27,912	235,847	216,068	December 2018	80.0%
(165)	Sunac Jiujingcheng	Kunming	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	398,523	2,031,461	1,890,373	December 2022	51.0%
(166)	Above The West Lake	Hangzhou	High-rise apartments, retail properties, offices, serviced apartments and car parks	58,184	280,197	156,589	June 2018	49.0%
(167)	Wonderful Mansion	Hangzhou	High-rise apartments, retail properties and car parks	20,480	89,184	65,533	May 2015	50.0%
(168)	Sunac In Hangzhou	Hangzhou	Retail properties, offices, serviced apartments and car parks	10,418	154,055	108,374	June 2016	60.0%
(169)	Sunac Fuchun Chateau	Hangzhou	Mid-rise apartments, townhouses, retail properties and car parks	98,024	167,198	122,982	November 2018	100.0%
(170)	Riverside City	Hangzhou	High-rise apartments, retail properties and car parks	62,760	220,069	168,614	August 2016	65.0%
(171)	Sunac Riverside City	Hangzhou	High-rise apartments, retail properties and car parks	80,587	262,457	188,827	June 2016	100.0%
(172)	Houchao Mansion	Hangzhou	High-rise apartments, retail properties and car parks	32,220	126,765	92,687	October 2017	50.0%
(173)	Sunac Hangzhou The Times	Hangzhou	High-rise apartments, retail properties and car parks	61,871	221,500	184,169	December 2018	100.0%
(174)	Sunac Wealth Mansion	Hangzhou	High-rise apartments, retail properties and car parks	18,844	75,891	54,960	December 2019	80.0%
(175)	Sunac Jiuzhangtai	Hangzhou	High-rise and mid-rise apartments, retail properties and car parks	53,770	176,664	130,602	June 2018	100.0%
(176)	Sunac Xijiantang	Hangzhou	Mid-rise apartments, townhouses and car parks	20,680	54,096	35,689	June 2018	100.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(177)	Shenhua Project	Hangzhou	High-rise apartments, townhouses and car parks	36,395	152,127	103,011	November 2020	50.0%
(178)	Sunac Shuixieshan	Hangzhou	High-rise and mid-rise apartments, townhouses and car parks	287,193	578,254	340,683	January 2020	100.0%
(179)	Xixihai	Hangzhou	High-rise apartments, townhouses, retail properties and car parks	278,153	700,953	458,734	December 2019	40.0%
(180)	Cinda Center	Hangzhou	High-rise apartments, retail properties, offices, serviced apartments and car parks	157,787	950,877	733,153	January 2022	40.0%
(181)	Hangzhou Olympic Project	Hangzhou	High-rise apartments, retail properties, serviced apartments and car parks	58,792	88,876	88,876	June 2019	25.0%
(182)	Sunac Aili Mountain	Hangzhou	Mid-rise apartments, retail properties and car parks	70,464	209,980	141,508	July 2014	100.0%
(183)	Sunac Wuxi Cove R Life	Hangzhou	High-rise apartments, retail properties and car parks	60,801	210,041	186,885	October 2016	100.0%
(184)	Sunac Hangzhou First Sea	Hangzhou	High-rise apartments, retail properties, serviced apartments and car parks	107,876	407,838	264,352	September 2019	100.0%
(185)	Sunac Shixinbei Project	Hangzhou	High-rise apartments, retail properties and car parks	29,672	99,025	73,190	June 2019	100.0%
(186)	Enteleducativo	Hangzhou	High-rise and mid-rise apartments, townhouses, retail properties and car parks	132,184	342,375	230,167	June 2019	34.0%
(187)	Jincheng 41 Land Plot	Hangzhou	High-rise apartments, retail properties and car parks	30,149	92,148	63,440	September 2019	34.0%
(188)	Jincheng 47 Land Plot	Hangzhou	High-rise apartments, townhouses, detached villas, retail properties and car parks	131,442	415,156	256,534	December 2020	34.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(189)	Sunac Hefei One Central	Hefei	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	56,747	240,193	182,986	November 2018	100.0%
(190)	The One	Hefei	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	70,543	285,947	232,518	November 2018	50.0%
(191)	Sunac Hefei Camphor Mansion	Hefei	High-rise and mid-rise apartments and car parks	36,762	115,496	91,990	December 2018	100.0%
(192)	Sunac Jiuchongjin	Hefei	High-rise apartments, retail properties and car parks	74,916	270,715	268,045	January 2012	100.0%
(193)	Sunac Wutongli	Hefei	High-rise apartments, retail properties and car parks	69,780	284,381	274,378	January 2018	60.0%
(194)	Hefei Raycom City	Hefei	High-rise apartments, retail properties, serviced apartments and car parks	401,595	1,897,830	1,548,787	December 2019	41.5%
(195)	Ningbo Mansion	Ningbo	High-rise and mid-rise apartments, retail properties and car parks	104,789	312,444	240,320	December 2018	50.0%
(196)	Sunac Peiluocheng Project	Ningbo	High-rise and mid-rise apartments and car parks	85,535	251,185	182,498	December 2018	100.0%
(197)	Sunac Art Mansion	Ningbo	High-rise apartments and car parks	23,768	67,951	53,179	November 2018	100.0%
(198)	Quality Bay	Ningbo	High-rise apartments, retail properties and car parks	24,315	66,310	52,589	March 2018	60.0%
(199)	Sunac Xiang'An Xincheng Project	Xiamen	High-rise and mid-rise apartments, townhouses, retail properties and car parks	32,537	123,563	118,385	June 2019	100.0%
(200)	Yuezhou Mansion	Shaoxing	Mid-rise apartments, detached villas, retail properties and car parks	199,990	448,914	310,768	September 2019	60.0%
(201)	Sunac Chuangzhigu	Shenzhen	High-rise apartments, retail properties, offices and car parks	17,728	140,075	63,188	May 2018	100.0%
(202)	Sunac Pingshan Guanying Project	Shenzhen	High-rise apartments, retail properties and car parks	19,373	416,582	330,604	February 2024	100.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(203)	Fortunes Season	Guangzhou	High-rise and mid-rise apartments, townhouses, detached villas, retail properties and car parks	266,540	749,960	700,542	September 2020	50.0%
(204)	Sunac Guangzhou Royal Garden	Guangzhou	High-rise apartments, retail properties and car parks	27,043	68,281	68,281	December 2018	100.0%
(205)	Sunac Lake Mansion	Foshan	High-rise and mid-rise apartments, retail properties and car parks	74,014	306,000	277,887	June 2019	95.0%
(206)	Sunac Foshan Luxury Mansion	Foshan	High-rise apartments, retail properties and car parks	62,097	285,190	269,420	December 2018	51.0%
(207)	Foshan Wonderful Mansion	Foshan	High-rise apartments, retail properties and car parks	89,182	363,887	344,433	May 2020	50.0%
(208)	Sunac Foshan Glorious Garden	Foshan	High-rise apartments, retail properties and car parks	13,109	54,554	53,186	December 2018	100.0%
(209)	Riverine Capital	Foshan	High-rise apartments, retail properties, serviced apartments and car parks	72,964	327,776	323,276	October 2019	34.0%
(210)	Sanshui Project	Foshan	High-rise apartments, retail properties and car parks	64,599	286,693	286,693	April 2019	50.0%
(211)	Pinelake Mansion	Dongguan	High-rise apartments, retail properties and car parks	34,839	88,934	83,750	December 2018	60.0%
(212)	Sunac Park Mansion	Dongguan	High-rise apartments, retail properties, serviced apartments and car parks	31,773	114,555	112,410	December 2019	100.0%
(213)	Sunac Qingxi Residence One	Dongguan	High-rise apartments, retail properties, serviced apartments and car parks	32,571	92,536	88,700	June 2018	100.0%
(214)	Sunac Zhonglilu Project	Dongguan	Retail properties, serviced apartments and car parks	14,619	57,292	57,292	January 2020	80.0%

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No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(215)	Sunac Humen Project	Dongguan	High-rise and mid-rise apartments, retail properties and car parks	11,347	32,454	32,454	June 2019	75.0%
(216)	Sunac Peninsula Bay	Huizhou	Mid-rise apartments, townhouses, serviced apartments, retail properties and car parks	254,655	491,413	461,755	June 2023	100.0%
(217)	Sunac Weili Project	Zhongshan	High-rise apartments, retail properties and car parks	73,246	284,730	266,588	June 2020	80.0%
(218)	Yulong Project	Zhuhai	Retail properties, offices, serviced apartments and car parks	74,638	647,450	647,450	November 2022	34.0%
(219)	Xinxing Fortune Plaza	Zhuhai	Retail properties, serviced apartments and car parks	18,108	116,610	91,370	August 2019	50.0%
(220)	Sunac Fulin Project	Jiangmen	High-rise apartments, townhouses, retail properties and car parks	770,418	2,044,169	2,044,169	March 2026	99.0%
(221)	Wuhan One Park	Wuhan	High-rise apartments, retail properties, serviced apartments and car parks	251,344	1,329,791	1,312,397	December 2020	69.0%
(222)	Sunac Wuhan Dream Of Mansion	Wuhan	High-rise apartments, retail properties and car parks	83,251	379,692	361,528	June 2019	90.0%
(223)	Wuhan Hopsca Center	Wuhan	High-rise apartments, retail properties, offices, serviced apartments and car parks	202,536	1,471,184	1,453,504	December 2021	73.1%
(224)	Grand Of Mansion	Wuhan	High-rise and mid-rise apartments, retail properties and car parks	86,178	378,825	375,944	April 2020	60.0%
(225)	Sunac Wuhan One Guanland	Wuhan	High-rise and mid-rise apartments, retail properties and car parks	89,631	424,304	424,303	September 2020	100.0%
(226)	Sunac Meilin Mansion	Wuhan	High-rise apartments, retail properties and car parks	51,877	204,471	204,471	April 2020	100.0%
(227)	Sunac Flower Garden	Wuhan	High-rise apartments, retail properties and car parks	112,860	202,600	187,470	November 2015	100.0%

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 31 December 2016 (continued)								
No.	Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
(228)	Celestial Heights	Wuhan	High-rise apartments, retail properties and car parks	47,129	196,942	185,000	June 2017	35.7%
(229)	Sunac Skyline	Wuhan	High-rise apartments, retail properties, offices and car parks	109,338	600,368	533,391	December 2019	100.0%
(230)	Sunac Wisdom Valley	Wuhan	Offices and car parks	187,042	384,853	306,148	October 2021	100.0%
(231)	Sunac Luoyu Center	Wuhan	High-rise apartments, retail properties, offices and car parks	29,853	136,882	106,009	March 2021	100.0%
(231)	Sunac Xitang	Changsha	High-rise apartments, retail properties, serviced apartments and car parks	46,380	197,391	162,302	May 2019	95.0%
(233)	Sunac First Sea	Changsha	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	215,778	778,364	621,973	June 2019	75.0%
(234)	Qingshanhu Residence One	Nanchang	High-rise apartments, retail properties and car parks	16,615	73,274	72,431	June 2019	60.0%
(235)	Sunac Garden Villa	Jingdezhen	High-rise and mid-rise apartments, townhouses, retail properties and car parks	147,910	312,968	295,303	December 2018	100.0%
(236)	Sunac Haitangwan Residence One	Sanya	Detached villas	587,382	387,752	174,091	June 2023	65.0%
(237)	Sunac Yingbinlu Residence One	Sanya	High-rise apartments, retail properties, offices, serviced apartments and car parks	20,934	86,234	72,028	October 2015	60.0%
(238)	Sun Moon Bay	Wanning	Retail properties, serviced apartments and car parks	344,195	626,198	542,095	June 2021	50.0%
(239)	Bo Ao King Bay	Qionghai	High-rise and mid-rise apartments, detached villas, retail properties, serviced apartments and car parks	649,636	797,042	759,334	September 2025	50.0%
Total				34,811,811	97,966,000	84,283,306		

BUSINESS REVIEW AND OUTLOOK

Completed Properties for the year ended 31 December 2016

Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Unsold/held	Unsold/held
				for rental aggregate GFA (sq.m.)	for rental saleable/ rentable GFA (sq.m.)
Sunac West Chateau	Beijing	448,109	334,892	2,656	1,985
Wangjing Jinmao Palace	Beijing	141,256	115,420	25,781	21,066
Beijing Fontainebleau Chateau	Beijing	403,441	341,989	35,732	30,289
Glory Chateau	Beijing	423,812	348,409	114,803	94,378
Beijing One Sino Park	Beijing	100,843	73,824	79,559	58,243
Chang'An Image	Beijing	250,927	192,176	49,992	38,287
Mentougou New Town	Beijing	80,479	58,451	32,986	23,957
One Central	Beijing	88,920	77,226	51,319	44,570
Beijing One Sino Manor	Beijing	303,550	272,928	58,095	52,235
Yanqihu Project	Beijing	17,013	10,170	17,013	10,170
Sunac Live City	Beijing	449,696	449,696	14,980	14,980
Sunac Wisdom Castle	Beijing	185,689	148,719	29,549	23,666
Fortune Center	Jinan	237,787	230,309	15,094	14,620
Sunac Urban Center	Qingdao	402,038	389,347	89,875	87,038
Erhai	Yantai	116,206	116,206	38,655	38,655
Sunac Glorious Mansion	Tianjin	307,510	307,510	58,317	58,317
Sunac Central Academy	Tianjin	752,621	703,793	77,417	72,394
Sunac Pi Du Pantheon	Tianjin	244,491	226,986	32,617	30,282
Horizon Capital	Tianjin	232,763	232,763	17,457	17,457
Tianjin Dream Of Mansion	Tianjin	194,486	175,111	43,338	39,021
Tianjin Orchid Garden	Tianjin	20,354	20,354	8,850	8,850
River And Sea	Tianjin	94,364	94,364	5,982	5,982
Sunac Bay Island	Tianjin	263,512	259,799	39,882	39,320
Sunac Top Mansion Of The Dongting	Tianjin	273,012	244,166	15,424	13,794
Tianjin Hopsca Center	Tianjin	301,323	299,874	73,880	73,525
Tianjin Majestic Mansion	Tianjin	97,634	95,092	22,491	21,905
Sunac Lakeside Origin	Tianjin	94,635	69,860	4,777	3,526
Xi'an Master Classic	Xi'an	100,359	96,987	35,979	34,770
Xi'An Dream Of Mansion	Xi'an	140,324	132,076	81,070	76,304
Sunac Dalian Yanqi Lake	Dalian	237,677	186,922	126,760	99,691
Sunac Daqing Lianxiangcheng	Daqing	330,297	328,108	85,912	85,343
Sunac Shanghai Magnolia Garden	Shanghai	126,092	116,738	5,289	4,897
Yulan Glorious Garden	Shanghai	162,914	146,727	13,912	12,529
Shanghai Magnolia Mansion	Shanghai	117,715	98,172	10,845	9,045
Shanghai Francais Demeure	Shanghai	182,344	158,539	21,879	19,022

BUSINESS REVIEW AND OUTLOOK

Completed Properties for the year ended 31 December 2016 (continued)					
Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Unsold/held for rental aggregate GFA (sq.m.)	Unsold/held for rental saleable/ rentable GFA (sq.m.)
Sunac Shanghai One Sino Park	Shanghai	324,906	304,941	46,259	43,416
Sunac The Bund 188	Shanghai	57,866	50,024	15,076	13,033
Sunac Central Garden	Shanghai	353,751	307,377	18,497	16,073
Sunac Daning North Magnolia Mansion	Shanghai	170,403	151,491	50,801	45,163
Sunac Pu Jian Road 727	Shanghai	25,961	25,961	25,961	25,961
Nanjing Fairy Land	Nanjing	22,507	14,341	22,507	14,341
Suzhou Fairy Land	Suzhou	152,763	71,921	41,002	19,304
Sunac Suzhou Majestic Mansion	Suzhou	215,266	122,097	7,598	4,310
Sunac Shishan Majestic Mansion	Suzhou	175,116	134,043	26,332	20,156
Sunac Wuxi Magnolia Garden	Wuxi	564,591	543,538	65,816	63,362
Wuxi Magnolia Garden West	Wuxi	360,393	349,510	84,390	81,842
Comphorwood Mansion	Wuxi	376,573	321,201	56,820	48,465
Sunac Swan Lake	Wuxi	1,392,554	1,283,905	184,602	170,199
Sunac Dream Of City	Wuxi	889,891	788,147	58,291	51,627
Sunac Nine Jade City	Wuxi	112,015	107,506	17,484	16,781
Sunac Royal Garden	Wuxi	436,155	374,252	48,914	41,971
Sunac Superme Etiquette	Wuxi	233,033	139,559	36,674	21,963
Sunac Wuxi Balance City	Wuxi	274,962	209,645	9,105	6,942
Sunac Changzhou Magnolia Square	Changzhou	534,886	498,420	127,430	118,742
Sunac Ensen Mansion	Changzhou	72,557	45,499	69,574	43,628
Sunac Riverside Mansion	Jiangyin	146,217	99,536	45,551	31,008
Sunac Olympic Garden	Chongqing	2,576,975	2,074,048	143,548	114,369
Sunac Eton Manor	Chongqing	405,901	303,940	23,782	17,808
Sunac Guardian Manor	Chongqing	563,089	382,715	63,805	43,366
Versails	Chongqing	873,559	617,045	159,975	113,000
Sunac Asia Pacific Enterprise Valley	Chongqing	744,236	576,237	27,143	21,016
Sunac The European Garden For City - West	Chongqing	386,125	288,503	64,292	48,037
Powpre Fontainebleau	Chongqing	88,438	68,211	88,438	68,211
Hastin Avenue	Chongqing	151,188	101,832	129,920	87,507
The European Garden For City -East	Chongqing	422,696	292,139	82,513	57,028
Chongqing Rose Garden	Chongqing	96,436	75,792	57,741	45,380
Camb Garden	Chongqing	12,849	12,123	413	390
Chongqing Raycom City	Chongqing	1,163,974	931,474	121,556	97,275
Sunac Ziyou Shiguang	Chongqing	148,744	117,213	39,293	30,964
Sunac Sky Villa	Chengdu	454,893	410,003	44,167	39,809

BUSINESS REVIEW AND OUTLOOK

Completed Properties for the year ended 31 December 2016 (continued)

Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Unsold/held	Unsold/held
				for rental aggregate GFA (sq.m.)	for rental saleable/ rentable GFA (sq.m.)
Sunac Sky Villa Condominiums	Chengdu	123,210	116,879	13,731	13,025
Sunac Guanghua Center	Chengdu	366,892	343,183	70,528	65,971
Sunac Chengdu Villa Royale	Chengdu	214,125	213,162	52,776	52,538
Sunac Residence Du Lac	Chengdu	209,728	194,572	40,222	37,315
Sunac Residence Du Paradis	Chengdu	555,977	500,340	158,018	142,205
Sunac Fairview House	Chengdu	87,032	79,763	16,501	15,123
Kaixuan Gongguan	Chengdu	275,453	246,195	91,575	81,848
Luhu Zhichun	Chengdu	37,722	32,870	25,496	22,217
Sunac Jiujiangcheng	Kunming	135,215	131,450	37,211	36,175
Above The West Lake	Hangzhou	126,156	88,506	—	—
Wonderful Mansion	Hangzhou	89,184	65,533	184	135
Sunac In Hangzhou	Hangzhou	154,055	108,374	41,964	29,521
Sunac Fuchun Chateau	Hangzhou	143,104	109,449	7,662	5,860
Riverside City I	Hangzhou	220,069	168,614	220,069	168,614
Sunac Riverside City II	Hangzhou	262,457	188,827	30,499	21,942
Sunac Shuixieshan	Hangzhou	130,517	64,482	19,176	9,474
Xixihai	Hangzhou	482,119	330,564	80,900	55,469
Sunac Aili Mountain	Hangzhou	209,980	141,508	77,007	51,896
Sunac Wuxi Cove R Life	Hangzhou	210,041	186,885	48,177	42,866
Sunac Jiuchongjin	Hefei	270,715	268,045	6,916	6,848
Sunac Wutongli	Hefei	146,490	140,207	20,375	19,501
Hefei Raycom City	Hefei	599,825	599,825	93,441	93,441
Sunac Peninsula Bay	Huizhou	161,058	131,662	34,576	28,265
Wuhan One Park	Wuhan	69,669	67,131	19,313	18,609
Sunac Flower Garden	Wuhan	202,600	187,470	390	360
Sunac Skyline	Wuhan	484,754	454,945	11,890	11,159
Sunac Wisdom Valley	Wuhan	102,000	80,005	89,660	70,326
Sunac Luoyu Center	Wuhan	72,194	66,003	595	544
Sunac First Sea	Changsha	775,066	618,813	73,967	59,055
Sunac Garden Villa	Jingdezhen	53,090	42,571	8,719	6,991
Sunac Yingbinlu Residence One	Sanya	86,234	72,028	22,375	18,689
Sun Moon Bay	Wanning	22,000	21,091	22,000	21,091
Bo Ao King Bay	Qionghai	152,860	149,066	105,093	102,485
		30,137,257	25,557,909	5,084,444	4,272,119

BUSINESS REVIEW AND OUTLOOK

Properties under Development as at 31 December 2016

Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Unsold/held for rental saleable/ rentable GFA (sq.m.)
Wangjing Jinmao Palace	Beijing	12,900	9,800	9,800
Glory Chateau	Beijing	44,890	5,035	5,035
Chang'An Image	Beijing	161,024	129,419	129,419
Mentougou New Town	Beijing	71,336	71,336	63,181
One Central	Beijing	28,734	23,295	23,295
Beijing One Sino Manor	Beijing	66,983	58,242	58,242
Yanqihu Project	Beijing	137,322	32,861	32,861
Sunac Wisdom Castle	Beijing	69,385	45,027	24,108
Metro One	Taiyuan	465,021	351,766	284,018
Park Mansion	Taiyuan	157,605	122,597	116,843
Fortune Center	Jinan	545,659	545,654	395,586
Sino-Singapore	Jinan	338,973	338,973	106,869
Fortune Peak	Jinan	339,072	339,072	133,148
Cambridge Mansion	Jinan	148,681	139,740	22,310
Donghai Yihao	Jinan	76,007	67,130	67,130
Sunac Urban Center	Qingdao	333,561	304,832	150,017
Erhai	Yantai	6,353	6,263	6,263
Horizon Capital	Tianjin	160,408	154,645	59,665
Tianjin Dream Of Mansion	Tianjin	45,377	45,260	45,260
Sunac Binhai Center	Tianjin	106,486	99,300	89,775
Tianjin Orchid Garden	Tianjin	95,697	84,841	14,705
River And Sea	Tianjin	188,470	188,470	89,998
Sunac Bay Island	Tianjin	204,894	202,070	40,970
Tianjin Hopsca Center	Tianjin	600,415	451,538	330,989
The National Village	Tianjin	942,054	871,413	280,593
Sunac City	Tianjin	278,203	257,444	102,344
Sunac Lakeside Origin	Tianjin	162,002	141,166	73,046
Riverside Mansion	Tianjin	131,204	116,001	29,978
Xi'an Master Classic	Xi'an	151,621	146,878	57,961
Xi An Dream Of Mansion	Xi'an	170,177	151,865	79,975
Xi An Orchid Garden	Xi'an	119,507	110,552	83,474

BUSINESS REVIEW AND OUTLOOK

Properties under Development as at 31 December 2016 (continued)

Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Unsold/held for rental saleable/ rentable GFA (sq.m.)
Gaoxin Glorious Garden	Xi'an	193,648	174,899	103,435
Elephant Lake King Mansion	Zhengzhou	312,974	196,852	22,889
Zhengzhou Master Classic	Zhengzhou	336,635	201,470	163,367
Sunac Daqing Lianxiangcheng	Daqing	55,507	54,949	41,705
Sunac Shanghai One Sino Park	Shanghai	334,201	255,951	204,055
Sunac Central Garden	Shanghai	257,065	210,383	158,176
Fortune Riverside	Shanghai	84,239	76,641	49,456
Sunac Shanghai Gem Park	Shanghai	55,436	55,436	38,985
Lijiang Shanshui	Shanghai	135,161	129,556	129,556
Nanjing Fairy Land	Nanjing	11,980	7,564	6,868
Sunac Nanjing Glorious Garden	Nanjing	150,754	128,421	41,764
Nanjing Magnolia Mansion	Nanjing	259,753	256,036	230,260
Jiangning Taowu Villa	Nanjing	61,213	54,529	54,529
Sunac Nanjing Gem Park	Nanjing	58,803	42,568	11,769
Suzhou Fairy Land	Suzhou	111,167	54,803	16,016
Sunac Shihu Fairy Land	Suzhou	133,111	80,089	1,023
Sunac Suzhou One Park	Suzhou	114,067	88,078	40,200
Suzhou Fontainebleau	Suzhou	331,741	308,603	237,374
Wuxi Magnolia Garden West	Wuxi	172,675	161,188	67,334
Comphorwood Mansion	Wuxi	268,543	246,610	109,747
Sunac Nine Jade City	Wuxi	164,394	157,887	145,963
Sunac Gaolanglu Land	Wuxi	80,113	74,983	74,983
Sunac Changzhou Magnolia Square	Changzhou	167,459	151,343	39,752
Versails	Chongqing	497,216	358,513	254,636
Sunac The European Garden For City -West	Chongqing	459,574	339,088	214,378
Powpre Fontainebleau	Chongqing	24,314	20,803	13,023
Hastin Avenue	Chongqing	295,197	196,475	74,951
The European Garden For City -East	Chongqing	275,410	214,647	214,647
Chongqing Rose Garden	Chongqing	73,165	54,292	54,292
Expo City	Chongqing	760,809	532,403	299,564
Camb Garden	Chongqing	355,744	231,267	50,733
Binjiang Yihao	Chongqing	157,929	106,141	24,795
Fallingwater	Chongqing	117,808	101,153	94,825

BUSINESS REVIEW AND OUTLOOK

Properties under Development as at 31 December 2016 (continued)				
Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Unsold/held for rental saleable/ rentable GFA (sq.m.)
Sunac Diaoyutai	Chongqing	356,910	308,298	281,872
Sunac Ziyou Shiguang	Chongqing	224,727	198,136	188,784
Sunac Chengdu Villa Royale	Chengdu	50,638	49,910	46,209
Sunac Nano Residence	Chengdu	36,186	34,937	21,635
Sunac Residence Du Lac	Chengdu	189,068	180,164	50,190
Sunac Residence Du Paradis	Chengdu	258,712	240,007	180,551
Chengdu Dream Of Mansion	Chengdu	216,522	201,536	111,656
Kaixuan Dongan	Chengdu	225,834	202,785	149,486
Sunac Nanning Residences	Nanning	100,149	92,345	44,549
Sunac Jiujiangcheng	Kunming	258,744	238,564	155,862
Above The West Lake	Hangzhou	154,041	68,083	37,621
Sunac Fuchun Chateau	Hangzhou	24,093	13,533	13,533
Houchao Mansion	Hangzhou	126,765	92,687	16,173
Sunac Hangzhou The Times	Hangzhou	221,500	184,169	165,870
Sunac Wealth Mansion	Hangzhou	75,891	54,960	54,960
Sunac Jiuzhangtai	Hangzhou	176,664	130,602	130,602
Sunac Xijiantang	Hangzhou	54,096	35,689	35,689
Shenhua Project	Hangzhou	152,127	103,011	103,011
Xixihai	Hangzhou	32,464	—	—
Sunac Hangzhou First Sea	Hangzhou	330,738	224,252	35,591
Enteleducativo	Hangzhou	268,822	185,942	89,416
Sunac Hefei One Central	Hefei	240,193	182,986	152,268
The One	Hefei	285,947	232,518	232,518
Sunac Wutongli	Hefei	137,891	134,171	13,518
Hefei Raycom City	Hefei	154,834	153,330	64,049
Ningbo Mansion	Ningbo	312,444	240,320	201,471
Sunac Peiluocheng Project	Ningbo	251,185	182,498	182,498
Quality Bay	Ningbo	66,310	52,589	47,853
Sunac Chuangzhigu	Shenzhen	140,075	63,188	63,188
Fortunes Season	Guangzhou	167,986	154,763	154,763
Sunac Lake Mansion	Foshan	166,419	150,466	117,583
Sunac Foshan Luxury Mansion	Foshan	285,190	269,420	232,514
Foshan Wonderful Mansion	Foshan	127,307	119,647	119,647

BUSINESS REVIEW AND OUTLOOK

Properties under Development as at 31 December 2016 (continued)

Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Unsold/held for rental saleable/ rentable GFA (sq.m.)
Pinelake Mansion	Dongguan	88,934	83,750	83,750
Sunac Qingxi Residence One	Dongguan	92,536	88,700	88,700
Sunac Peninsula Bay	Huizhou	138,192	137,930	114,313
Wuhan One Park	Wuhan	314,539	309,934	63,540
Sunac Wuhan Dream Of Mansion	Wuhan	114,598	106,780	78,596
Celestial Heights	Wuhan	196,942	185,000	28,834
Sunac Skyline	Wuhan	115,614	78,445	68,293
Sunac Garden Villa	Jingdezhen	156,681	152,796	42,996
Sun Moon Bay	Wanning	125,368	99,141	99,141
Bo Ao King Bay	Qionghai	80,577	46,663	34,322
		20,522,282	17,000,749	10,489,522

BUSINESS REVIEW AND OUTLOOK

Properties to be Constructed as at 31 December 2016

Project	Location	Aggregate GFA (sq.m.)	Aggregate saleable GFA (sq.m.)
Chang'An Image	Beijing	69,948	—
Beijing One Sino Manor	Beijing	44,607	40,472
Yanqihu Project	Beijing	105,136	74,838
Xuefu Yihaoyuan	Taiyuan	419,364	321,166
Fortune Center	Jinan	740,282	740,282
Sino-Singapore	Jinan	1,475,455	1,475,127
Fortune Peak	Jinan	140,332	140,332
Cambridge Mansion	Jinan	120,919	120,919
Fortune Peak-Rongyue	Jinan	136,628	127,017
Sunac Longruidao Project	Qingdao	1,238,592	1,201,742
Sunac Hongdao Yihaoyuan	Qingdao	143,811	143,811
Sunac Hangkongjidi Project	Qingdao	776,083	776,083
Sunac Urban Center	Qingdao	1,232,450	1,121,902
Ningyuanbao Project	Zhangjiakou	171,133	130,440
Sunac Yongqing Meijing Project	Langfang	1,299,539	1,185,899
Erhai	Yantai	670,594	668,272
Sunac Binhai Center	Tianjin	103,201	103,201
Sunac Bay Island	Tianjin	126,509	110,047
Sunac Tianjin Glorious Garden	Tianjin	483,807	438,474
Teda City	Tianjin	451,279	451,279
Sunac City	Tianjin	421,588	396,075
North Sunac City	Tianjin	462,798	451,609
Sunac Tianjin Yin	Tianjin	62,200	59,713
Tianjin Majestic Mansion	Tianjin	263,763	243,763
Sunac 181 Central Park	Tianjin	83,872	83,872
Grand Garden	Tianjin	330,100	330,100
Jiuxi Garden	Tianjin	79,093	79,093
Sunac Lakeside Origin	Tianjin	122,823	101,568
Riverside Mansion	Tianjin	512,562	487,941
Xi'an Master Classic	Xi'an	22,603	22,324
Lanyuefu Kairui Shangye	Xi'an	106,335	82,179
Lanyuefu Kaicheng	Xi'an	336,896	302,336
Lanyuefu Kairui	Xi'an	178,361	156,176
Xi'An Central Glorious	Xi'an	321,186	299,836
Sunac The One Park	Xi'an	355,915	338,115
Xi'an Majestic Mansion	Xi'an	157,056	141,844
Elephant Lake King Mansion	Zhengzhou	526,292	383,348

BUSINESS REVIEW AND OUTLOOK

Properties to be Constructed as at 31 December 2016 (continued)

Project	Location	Aggregate GFA (sq.m.)	Aggregate saleable GFA (sq.m.)
Sunac One Guanland	Zhengzhou	451,182	370,974
Zhengzhou Master Classic	Zhengzhou	186,609	168,823
Dahe Chenyuan	Zhengzhou	120,398	120,398
Sunac Central One Park	Zhengzhou	154,156	67,005
Central Mansion	Zhengzhou	399,139	277,535
Sunac Zhongrui Project	Shenyang	154,560	154,560
Rose Mansion	Shanghai	126,100	81,980
Fortune Riverside	Shanghai	81,291	75,628
Huafeng Project	Shanghai	1,574,413	1,398,687
Pujiangzhen Project	Shanghai	180,427	95,060
Sunac Sijing Project	Shanghai	126,100	108,795
Lijiang Shanshui	Shanghai	61,432	29,352
Qingpu 02-01 Land Plot	Shanghai	48,039	43,641
Qingpu 36-01 Land Plot	Shanghai	137,038	124,397
Sunac Beijinglu Project	Shanghai	84,500	84,500
Zhuqiao Project	Shanghai	380,303	352,273
Nanjing Fairy Land	Nanjing	75,250	48,550
Jiangning Taowu Villa	Nanjing	10,705	5,339
Nanjing G53 Project	Nanjing	114,019	107,222
Sunac Taihu Town	Suzhou	85,075	66,517
Sunac Suzhou One Park	Suzhou	280,980	205,595
Kunshan Guangminglu Project	Suzhou	328,263	246,105
Kunshan Magnolia Mansion	Suzhou	202,822	190,194
Sunac Dream Of City	Wuxi	151,231	121,758
Wuxi Royal Mansion	Wuxi	297,148	285,864
Xigangchang Project	Wuxi	509,009	485,249
Sunac Huaxicun Project	Wuxi	248,356	229,486
Sunac Nine Jade City	Wuxi	141,645	133,582
Sunac Royal Garden	Wuxi	29,832	20,726
Sunac Superme Etiquette	Wuxi	99,780	65,287
Jiuxitai	Nantong	87,196	61,866
Sunac Jiangsu Junzhidi	Nantong	512,281	501,153
Sunac Qidong Junzhidi	Nantong	357,815	350,822
Residence 1895	Nantong	161,551	123,428
Sunac Changzhou Magnolia Square	Changzhou	424,243	370,526
Sunac The European Garden For City -West	Chongqing	441,621	331,041
Powpre Fontainebleau	Chongqing	47,266	37,740

BUSINESS REVIEW AND OUTLOOK

Properties to be Constructed as at 31 December 2016 (continued)

Project	Location	Aggregate GFA (sq.m.)	Aggregate saleable GFA (sq.m.)
Hastin Avenue	Chongqing	55,448	32,822
The European Garden For City -East	Chongqing	1,354,652	971,187
Expo City	Chongqing	793,606	514,628
Camb Garden	Chongqing	109,400	74,499
Binjiang Yihao	Chongqing	359,941	235,958
Yuelai Shengtaicheng	Chongqing	459,829	385,985
Sunac Diaoyutai	Chongqing	692,626	590,425
Sunac Chengdu Villa Royale	Chengdu	7,055	7,055
Sunac Nano Residence	Chengdu	75,216	66,172
Luhu Zhichun	Chengdu	364,613	297,578
Sunac Jinniu Yiyuan	Chengdu	166,893	141,503
Sunac Xinchuan 56 Mu	Chengdu	195,634	178,595
Sunac Xinchuan 143 Mu	Chengdu	522,274	464,470
Sanshengxiang Project	Chengdu	188,808	167,109
Yilitang Project	Chengdu	227,510	196,017
Crabapple Mansion	Nanning	461,783	446,643
Mingyue Mansion	Nanning	557,360	547,465
Sunac Nanning Residences	Nanning	135,698	123,723
Sunac Jiujiangcheng	Kunming	1,637,503	1,520,359
Sunac Shuixieshan	Hangzhou	447,737	276,201
Xixihai	Hangzhou	186,371	128,170
Cinda Center	Hangzhou	950,877	733,153
Hangzhou Olympic Project	Hangzhou	88,876	88,876
Sunac Hangzhou First Sea	Hangzhou	77,100	40,100
Sunac Shixinbei Project	Hangzhou	99,025	73,190
Enteleducativo	Hangzhou	73,553	44,225
Jincheng 41 Land Plot	Hangzhou	92,148	63,440
Jincheng 47 Land Plot	Hangzhou	415,156	256,534
Sunac Hefei Camphor Mansion	Hefei	115,496	91,990
Hefei Raycom City	Hefei	1,143,171	795,631
Sunac Art Mansion	Ningbo	67,951	53,179
Sunac Xiang'An Xincheng Project	Xiamen	123,563	118,385
Yuezhou Mansion	Shaoxing	448,914	310,768
Sunac Pingshan Guanying Project	Shenzhen	416,582	330,604
Fortunes Season	Guangzhou	581,974	545,779
Sunac Guangzhou Royal Garden	Guangzhou	68,281	68,281
Sunac Lake Mansion	Foshan	139,581	127,420

BUSINESS REVIEW AND OUTLOOK

Properties to be Constructed as at 31 December 2016 (continued)

Project	Location	Aggregate GFA (sq.m.)	Aggregate saleable GFA (sq.m.)
Foshan Wonderful Mansion	Foshan	236,580	224,786
Sunac Foshan Glorious Garden	Foshan	54,554	53,186
Riverine Capital	Foshan	327,776	323,276
Sanshui Project	Foshan	286,693	286,693
Sunac Park Mansion	Dongguan	114,555	112,410
Sunac Zhonglilu Project	Dongguan	57,292	57,292
Sunac Humen Project	Dongguan	32,454	32,454
Sunac Peninsula Bay	Huizhou	192,163	192,163
Sunac Weili Project	Zhongshan	284,730	266,588
Yulong Project	Zhuhai	647,450	647,450
Xinxing Fortune Plaza	Zhuhai	116,610	91,370
Sunac Fulin Project	Jiangmen	2,044,169	2,044,169
Wuhan One Park	Wuhan	945,582	935,332
Sunac Wuhan Dream Of Mansion	Wuhan	265,093	254,747
Wuhan Hopsca Center	Wuhan	1,471,184	1,453,504
Sunac Grand Of Mansion	Wuhan	378,825	375,944
Wuhan One Guanland	Wuhan	424,304	424,303
Sunac Meilin Mansion	Wuhan	204,471	204,471
Sunac Wisdom Valley	Wuhan	282,853	226,143
Sunac Luoyu Center	Wuhan	64,688	40,006
Sunac Xitang	Changsha	197,391	162,302
Sunac First Sea	Changsha	3,298	3,160
Qingshanhu Residence One	Nanchang	73,274	72,431
Sunac Garden Villa	Jingdezhen	103,196	99,937
Sunac Haitangwan Residence One	Sanya	387,752	174,091
Sun Moon Bay	Wanning	478,830	421,863
Bo Ao King Bay	Qionghai	563,605	563,605
		47,306,461	41,724,648

BUSINESS REVIEW AND OUTLOOK

Review of 2016

In 2016, the advancement of the supply-side structural reform was the main line of the central government, which promoted the tasks of destocking, capacity cut, deleverage, costs reduction and addressing deficiencies as well as dedication to drive various reforms. Relying on the contributions from infrastructure, real estate and consumption sectors, the economic growth successfully met the established target, bringing a good start for the “13th Five-Year” Plan.

The real estate industry has been heated up with the support of destocking policy and continuous liquidity easing. From tier 1 cities and some tier 2 cities with imbalance supply and demand in the first half of 2016, and rapidly spread to major tier 2 cities and surrounding cities of tier 1 cities in the second half of 2016, the overall market was in a status of simultaneous growth in quantity and price. Meanwhile, the competition in the land market of hotspot cities was fierce, where the trading price climbed up consecutively and the trading price in most cities also recorded a historical high. With market sentiment remaining bullish, in the fourth quarter, the hotspot cities began implementing city by city specific adjustment and control policy to stabilize the market. However, the sales volume of new housing units was not affected and remained vibrant while the increase in price in the hotspot cities was gradually coming under control. Cities with relatively modest market sentiment including some tier 3 and tier 4 cities has started to show more vibrant trading activities and the price is rising noticeably. The land market was not significantly influenced by policy, and the price in the land market in most cities continued to climb up in the fourth quarter.

The overall operating condition of the Company remained stable in 2016. Although profit attributable to owners declined in short term due to increase in finance costs and management fees as the Group capitalized on the strategic opportunities of the land market in 2016, revenue of the Company reached approximately RMB35,343.5 million, a year-on-year increase of approximately 53.6%; gross profit reached approximately RMB4,848.0 million, a year-on-year increase of approximately 69.7%; gross margin further rebound, reflecting a persistent positive turnaround of the Company's business operations. Contracted sales of the Company for the year reached approximately RMB150,627.6 million, a year-on-year increase of approximately 120.8%, our industry ranking continued to climbed up and reached the seventh among the peers; interest-based sales also reached approximately RMB103,959.3 million, a year-on-year increase of approximately 139.1%. The financial position of the Company continued to remain sound with sufficient liquidity while our business grew stably. As of the end of 2016, carrying amount of cash of the Company reached approximately RMB69,812.7 million, representing a coverage ratio for short term borrowings of over 200%.

The Company effectively captured the policies and the market window for the issuance of domestic corporate bonds to issue domestic corporate bonds and ABS of RMB22.5 billion at low cost for replacing its historical higher cost financing, effectively lowering the overall debt cost and enhancing the debt structure of the Company. As of the end of 2016, the weighted average finance costs of the Company decreased from approximately 7.60% in 2015 to approximately 5.98%, among which, the weighted average finance costs for new borrowings decreased to approximately 5.78% for the full year. The Company's ratio of long term borrowings with maturity over on year against total borrowings reached approximately 71%. Meanwhile, the Company proactively and effectively controlled both the currency rate and interest risks by early repayment of overseas debts and use of currency hedging instruments.

BUSINESS REVIEW AND OUTLOOK

Regarding the land market, the Company has been focusing on development in a few core first- and second-tier cities for many years. In 2016, the Company continued to evaluate the macroeconomics and monetary policies as well as actively studied and grasped the supply-demand of various cities so as to exert our own merger and acquisition brand and capability. With prudent decision-making that places cash flow security as prerequisite, we successfully tapped into Shenzhen, Guangzhou, Foshan, Dongguan, Zhengzhou, Xiamen, Qingdao, Nanning and Kunming while replenished numerous land bank in the existing cities. We have rapidly completed the national deployment in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC, which laid a solid foundation to our future sound development. As of the end of 2016, the Company had projects in 44 cities with total land bank of approximately 72.91 million sq.m. and attributable land bank of approximately 49.73 million sq.m. The breakdown of land bank by region is as follows:

Region	As at 31 December 2016			
	Total Land Bank (sq.m.)	Proportion	Attributable Land Bank (sq.m.)	Proportion
Beijing region (including cities of Beijing, Jinan, Qingdao and Taiyuan)	12,444,469	17.1%	8,439,643	17.0%
North China region (including cities of Tianjin, Xian and Zhengzhou)	11,959,714	16.4%	7,493,476	15.1%
Shanghai region (including cities of Shanghai, Suzhou, Nanjing and Wuxi)	10,979,326	15.1%	7,690,350	15.5%
Southwestern China Region (including cities of Chongqing, Chengdu, Nanning and Kunming)	15,342,036	21.0%	10,695,915	21.5%
Southeastern China region (including cities of Hangzhou, Hefei, Ningbo and Xiamen)	8,042,314	11.0%	4,954,828	10.0%
Guangzhou-Shenzhen region (including cities of Shenzhen, Guangzhou, Foshan, Dongguan and Huizhou)	6,842,660	9.4%	5,152,859	10.3%
Central China region (including cities of Wuhan, Changsha and Nanchang)	5,517,068	7.6%	4,349,384	8.7%
Hainan region (including Sanya, Wanning and Qionghai)	1,785,600	2.4%	953,200	1.9%
Total	72,913,187	100.0%	49,729,655	100.0%

Note: As at 25 March 2017, the Company had a land bank of approximately 79.12 million sq.m. and attributable land bank of approximately 53.74 million sq.m..

BUSINESS REVIEW AND OUTLOOK

Outlook for 2017

In 2017, the economic growth target of the central government is to remain GDP with a higher growth of around 6.5%. It is expected that the central government will continue to implement proactive fiscal policy and stable monetary policy to support the economy to achieve the growth target against the backdrop of heavy transformation pressure.

As the real estate control of hotspot cities in the fourth quarter of 2016 did not have much impact on the market, and the house and land prices of most cities maintained an upward trend, it is expected that the control policies implemented by the government for the real estate industry such as the tightening of liquidity and the purchase and loan restrictions will continue to be strengthened in 2017. The Company expects that the upward momentum of house price in most cities will be gradually restrained, while the house price of cities with healthy supply-demand relationship will not fluctuate significantly as a result of the tightening of control, where the market will remain stable. In respect of the land market, currently, the land premium of most hotspot cities are too high, especially through the public market, where opportunity to acquire land with reasonable land premium is rare. However, it is expected that the land market may gradually return to rationality in the second half of 2017 as a result of persistent adjustment and control and liquidity tightening, and better acquisition and merger opportunities may arise.

In 2017, the Company expects that approximately 82 brand new projects will be launched for sale, with an expected value of over RMB180 billion, and adding the property inventories that have not yet been launched for sale by the end of 2016 as well as the property inventories to be newly launched from previous projects, the total property inventories available for sale in 2017 will worth over RMB410 billion. These properties are all located in more than 30 tier 1 cities, surrounding cities of tier 1 cities and core cities with a sound supply and demand relationship markets. The Company will continue to accelerate the turnover and increase the sell-through rate to enable the Company to have sufficient cash to respond the market volatility and capture the market opportunities leisurely.

Having a high quality land bank has eased the Company's pressure on land acquisition. In the public market, the Company will be more cautious and wait for opportunities patiently to avoid acquisition of land with unreasonable price. Meanwhile, the Company will more keenly evaluate opportunities from the merger and acquisition market, capitalize on the opportunities of rapid integration in the real estate industry and exert our brand influence and advantage in mergers and acquisitions, so as to prudently acquire projects with reasonable cost.

In 2017, the Company will focus more on the enhancement of delicacy management capability to make more contributions to the continuous improvement of profitability for the Company with higher staff efficiency, more optimal cost management and higher product and brand premium.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

REVENUE

For the year ended 31 December 2016, most of the Group's revenue came from sales of residential and commercial properties, with a small proportion from property management services.

For the year ended 31 December 2016, the Group's real estate development business included all tier 1, surrounding cities of tier 1 cities and core cities in the PRC. They were divided into 8 major regions for management, namely the Beijing region (including cities of Beijing, Jinan, Qingdao and Taiyuan), North China region (including cities of Tianjin, Xi'an and Zhengzhou), Shanghai region (including cities of Shanghai, Suzhou, Nanjing and Wuxi), Southwestern China Region (including cities of Chongqing, Chengdu, Nanning and Kunming), Southeastern China region (including cities of Hangzhou, Hefei, Ningbo and Xiamen), Guangzhou-Shenzhen region (including cities of Shenzhen, Guangzhou, Foshan, Dongguan and Huizhou) Central China region (including cities of Wuhan, Changsha and Nanchang) and Hainan region (including cities of Sanya, Wanning and Qionghai).

For the year ended 31 December 2016, the Group's total revenue was RMB35,343.5 million, representing an increase of 53.6% over the total revenue of RMB23,010.9 million for the year ended 31 December 2015.

For the year ended 31 December 2016, total revenue of the Group's subsidiaries, joint ventures and associated companies were RMB76,244.1 million (for the year ended 31 December 2015: RMB54,866.9 million). In particular, RMB56,168.2 million were attributable to the Company's owners, representing an increase of 43.6% over the attributable amount of RMB39,111.7 million for the year ended 31 December 2015.

Some details of the revenues are provided in the table below:

	Year ended 31 December			
	2016		2015	
	RMB'000	%	RMB'000	%
Revenue from property sale	34,596,572	97.89	22,508,851	97.82
Property management services and others	732,559	2.07	499,800	2.17
Rental income from investment properties	14,361	0.04	2,292	0.01
Total	35,343,492	100.00	23,010,943	100.00
Total delivered building area (sq. m)	2,161,462		1,810,917	
Average price of sold properties (RMB/sq. m)	16,006		12,430	

For the year ended 31 December 2016, revenue from sale of property increased by RMB12,087.7 million (or 53.7%) relative to the year ended 31 December 2015. In particular, total delivered area of properties increased by 350,545 square meters (or 19.4%) relative to the year ended 31 December 2015. The increase in revenue from sale of property was mainly because a large amount of the Group's properties in Hangzhou and Shanghai were delivered for the year ended 31 December 2016. The average unit price of sold properties increased from RMB12,430 per square meter for the year ended 31 December 2015 to RMB16,006 per square meter for the year ended 31 December 2016. This was mainly because as compared to the year ended 31 December 2015, a larger portion of revenue was derived from sale of properties in category of property products sold at higher average unit price (mainly in Shanghai, Hangzhou and Suzhou) for the year ended 31 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF SALES

Cost of sales includes the Group's costs incurred in respect of delivered properties in the direct property development business and property management business costs.

For the year ended 31 December 2016, the Group's cost of goods sold was RMB30,495.5 million, increased by RMB10,341.8 million (or 51.3%) as compared to the cost of goods sold of RMB20,153.7 million for the year ended 31 December 2015. Increase in cost of goods sold was mainly due to increases in area of delivered properties and higher average cost of sales. Since the properties in the category of property products sold at relatively higher average unit price would have a relatively higher average costs of sales, increased revenue from sale of such property products also gave rise to higher average cost of sales.

GROSS PROFIT

For the year ended 31 December 2016, the Group's gross profit was RMB4,848.0 million, which was RMB1,990.7 million higher than the gross profit of RMB2,857.3 million for the year ended 31 December 2015. Increase in gross profit was mainly due to increase in the Group's sales revenue.

For the year ended 31 December 2016, the Group's gross profit margin was 13.7%, representing an increase of 1.3 percentage points relative to 12.4% for the year ended 31 December 2015. Excluding the impact from reassessment of fair value and property impairment provisions, the Group's gross profit margin for the year ended 31 December 2016 was 23.4%, representing an increase of 4.4 percentage points relative to 19.0% for the year ended 31 December 2015. This is mainly because for the year ended 31 December 2016, revenue from property products (mainly the Shishan Imperial Estate project in Suzhou and Riverside City project in Hangzhou) with relatively higher gross profit margin represented a higher proportion in the Group's total property revenue.

Besides, for the year ended 31 December 2016, total gross profit of the Group's subsidiaries, joint ventures and associated companies was RMB12,618.8 million, of which RMB8,840.0 million was attributable to the Company's owners. For the year ended 31 December 2015, total gross profit of the Group's subsidiaries, joint ventures and associated companies was RMB10,390.7 million, of which RMB6,780.0 million was attributable to the Company's owners.

SALES AND MARKETING COSTS AND ADMINISTRATIVE EXPENDITURE

The Group's sales and marketing costs increased by 38.6% from RMB661.1 million for the year ended 31 December 2015 to RMB916.2 million for the year ended 31 December 2016. The Group's administrative expenditure increased by 72.8% from RMB775.0 million for the year ended 31 December 2015 to RMB1,339.4 million for the year ended 31 December 2016. Such increase was mainly brought by higher sales and marketing costs and administrative expenditure due to larger number of employees as a result of the Group's business development and expansion into new regions for the year ended 31 December 2016. Moreover, the Group's increased administrative expenditure was also attributable to bad debt provisions for loss of receivables of RMB225.9 million for the year ended 31 December 2016 made by the Group out of prudent consideration.

OTHER INCOME AND GAINS

The Group's other income and gains decreased by RMB831.7 million from RMB4,112.0 million for the year ended 31 December 2015 to RMB3,280.3 million for the year ended 31 December 2016 mainly due to the following reasons:

- (i) The Group's gains from disposal of equities of its subsidiaries and equities and debts of its joint ventures and associates decreased by RMB1,885.4 million whereas the gains from business combination increased by RMB990.5 million; and
- (ii) Interest income from the Group's joint ventures and associates increased by RMB188.6 million.

OTHER EXPENSES AND LOSSES

The Group's other expenses and losses decreased by RMB242.9 million from RMB265.6 million for the year ended 31 December 2015 to RMB22.7 million for the year ended 31 December 2016. This was mainly because the other expenses and losses for the year ended 31 December 2015 included the loss for disposal of a subsidiary and the loss for disposal of investment properties, while no such type of transaction occurred for the year ended 31 December 2016.

OPERATING PROFIT

Concluding from the above analysis, the Group's operating profit increased by RMB582.3 million from RMB5,267.6 million for the year ended 31 December 2015 to RMB5,849.9 million for the year ended 31 December 2016, mainly due to the following reasons:

- (i) Gross profit increased by RMB1,990.7 million;
- (ii) Other income and gains decreased by RMB831.7 million; other expenses and losses decreased by RMB242.9 million; and
- (iii) Operating expenses increased by RMB819.6 million.

FINANCE EXPENSES

The Group's finance expenses increased by RMB670.0 million from RMB2,520.6 million for the year ended 31 December 2015 to RMB3,190.6 million for the year ended 31 December 2016 mainly due to the following reasons:

- (i) Un-capitalised interest expense increased by RMB473.5 million from RMB1,680.7 million for the year ended 31 December 2015 to RMB2,154.2 million for the year ended 31 December 2016; and
- (ii) Other financing expenses incurred from early redemption of senior notes which amounted to RMB317.4 million.

In addition, the total interest expenses increased by RMB1,253.0 million from RMB2,908.7 million for the year ended 31 December 2015 to RMB4,161.7 million for the year ended 31 December 2016 mainly due to increase in the Group's total borrowings.

The Group's weighted actual interest rate for borrowings decreased from 7.60% for the year ended 31 December 2015 to 5.98% for the year ended 31 December 2016, with weighted actual interest rate of new loans at 5.78%. This was because the Group achieved continuous optimization of debt structure and continuous fall of weighted actual interest rate for borrowings through diversified financing channels, control of re-financing costs, replacement of existing high cost loans.

SHARE OF POST-TAX PROFITS OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

For the year ended 31 December 2016, share of post-tax profits of investments accounted for using equity method, net recognized by the Group was RMB1,357.2 million, which included gains arising from acquisition of joint ventures amounting to RMB521.1 million (2015: nil). Excluding the impact of gains arising from acquisition of joint ventures, share of post-tax profits of associates and joint ventures, net recognized by the Group was RMB836.1 million for the year ended 31 December 2016, representing a decrease of approximately 50.6% as compared with RMB1,693.2 million for the year ended 31 December 2015. The main reason for the decrease was that the Group had relatively more new joint ventures and associates for the year ended 31 December 2016. While no sales revenue was recorded from such companies as they had not reached the stage of property delivery, operating expenses were recorded and the loss thus caused gave rise to a decrease in the Group's share of post-tax profits of investments accounted for using equity method, net.

MANAGEMENT DISCUSSION AND ANALYSIS

PROFITS

Due to increase in total interest expenses and decrease in the Group's share of post-tax profits of investments accounted for using equity method, net, the Group's profits attributable to the Company's owners decreased from RMB3,297.8 million for the year ended 31 December 2015 to RMB2,478.4 million for the year ended 31 December 2016.

The profits attributable to the Company's owners and non-controlling equities as at the stated dates are given in the table below:

	Year ended 31 December	
	2016 RMB'000	2015 RMB'000
Profits during the year	2,938,359	3,608,403
Attributable to:		
The Company's owners	2,478,353	3,297,828
Perpetual bond holders	302,758	—
Other non-controlling equities	157,248	310,575
	2,938,359	3,608,403

CASH STATUS

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks and other individuals, capital injections from shareholders and issuance of new shares. The Group's need for short-term liquid capital is associated with loan repayment and capital need for operation, the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new loans. The Group's need for long-term liquid capital is associated with capitals allocated for new property development projects and repayment of long-term loans, and the Groups' sources of liquid capital include loans, capital injections from shareholders and issuance of new shares.

The Group's cash and cash equivalents (including restricted cash) increased by 158.0% from RMB27,058.3 million as at 31 December 2015 to RMB69,812.7 million as at 31 December 2016, of which non-restricted cash increased from RMB22,687.3 million as at 31 December 2015 to RMB52,086.1 million as at 31 December 2016.

Non-restricted cash increased due to the following main reasons:

- (i) RMB4,616.0 million net cash inflow from operating activities was brought by increased revenue from pre-sale of the Group's properties;
- (ii) RMB34,478.9 million net cash outflow used in investment activities was mainly caused by the new projects obtained by the Group through direct investments or acquisition of equities;
- (iii) RMB59,230.3 million net cash inflow from financing activities was mainly attributed to RMB51,936.4 million net loan inflow (including conversion of non-restricted cash into restricted cash due to loans).

Currently, the Group has sufficient operating capital which remains at healthy and safe level and is sufficient to resist risks besides supporting business growth in the foreseeable future.

BORROWINGS AND SECURITIES

As a result of the requirement for business development, the Group's total borrowing amount increased by RMB71,045.4 million from RMB41,798.6 million as at 31 December 2015 to RMB112,844.0 million as at 31 December 2016, of which total borrowing amount generated by issuance of new corporate bonds was RMB18,935.3 million, while total borrowing amount increased by RMB12,506.4 million due to the acquisition of subsidiaries.

As at 31 December 2016, RMB84,372.5 million (as at 31 December 2015: RMB35,785.6 million) of the Group's total borrowing amount were obtained with the Group's developing properties, completed properties held for sale (total amount was RMB82,180.0 million (as at 31 December 2015: RMB23,841.5 million)) and equities of some of the Group's subsidiaries (including those lawfully transferred as collaterals) as securities and joint securities.

NET DEBT TO TOTAL ASSET RATIO, GEARING RATIO AND NET GEARING RATIO

Net debt to total asset ratio is calculated by dividing the total net liabilities with total asset amount. Net debt are calculated by deducting cash and cash equivalents (including restricted cash) from total borrowings (including current and long-term borrowings). As at 31 December 2016, the Group's net debt to total asset ratio was 14.7%, relative to 12.8% as at 31 December 2015.

Gearing ratio is calculated by dividing the net debt with total capital. Total capital is calculated by adding total equities and net debt. As at 31 December 2016, the Group's gearing ratio was 54.9%, relative to 43.2% as at 31 December 2015.

Net gearing ratio is calculated by dividing net debt with total equities. As at 31 December 2016, the Group's net gearing ratio was 121.5%, relative to 75.9% as at 31 December 2015. The increase in net gearing ratio was mainly because the Group increased its borrowings to seize the opportunity from market to speed up the national layout in tier 1 cities, surrounding cities of tier 1 cities and core cities for the year ended 31 December 2016. Upon completion of such layout, the Group's land reserves were distributed in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC, thus comprising land of relatively higher value and stronger realizability. Besides, the Group's balance of cash and cash equivalents (including restricted cash) as at 31 December 2016 amounted to RMB69,812.7 million, representing a coverage of 2.1 times over the balance of current borrowings. Therefore the financial risk faced by the Group did not increase in substance notwithstanding the increase in net gearing ratio.

The Group will continue to pay attention to and manage the financial structure and their potential risks in the course of development.

INTEREST RATE RISKS

Since the Group has no material interest-carrying assets, the Group's revenue and operating cash flow are almost unaffected by changes in the market interest rates.

The Group's interest rate risks come from long-term borrowings. Floating-interest borrowings expose the Group to cash flow interest rate risks, which are partly offset by the floating-interest cash it holds. Fixed-interest borrowings expose the Group to fair value interest rate risks.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's interest rate risks are shown in the table below. The table includes borrowings entered at book value classified by due date.

	As at 31 December 2016 RMB Million	As at 31 December 2015 RMB Million
Floating interests		
Less than 12 months	12,954	5,751
1-5 years	14,076	12,182
Over 5 years	19	—
Subtotal	27,049	17,933
Fixed interests		
Less than 12 months	19,690	8,833
1-5 years	53,113	15,033
Over 5 years	12,992	—
Subtotal	85,795	23,866
Total	112,844	41,799

As at 31 December 2016, the Group has not used any interest swap to hedge the interest rate risks to which it is exposed. The Group will control interest rate risk by considering refinancing, updating existing financing status and alternative financing.

FOREIGN EXCHANGE RISKS

With all operating entities located in China, the Group operates its business in Renminbi. Some of the Group's bank deposits, senior notes and overseas borrowings are denominated in US dollar or euro, meaning that the Group is exposed to foreign exchange risks. For the year ended 31 December 2016, the Group recorded net exchange loss in the amount of RMB719.0 million (for the year ended 31 December 2015: RMB800.0 million) being affected by fluctuations in the market exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. The Group has continued to closely track and manage its exposure to fluctuation in foreign exchange rates and has adopted certain currency hedging arrangements against exchange rate fluctuation risks confronted by the majority of the Group's assets and liabilities denominated in foreign currencies during the year ended 31 December 2016. In addition, for the year ended 31 December 2016, the Group minimized the foreign exchange risks it faced by reducing borrowing balance denominated in foreign currencies through continuous optimization of debt structures.

CONTINGENT LIABILITIES

The Group provides guarantees to banks for the mortgage loans obtained by certain property buyers to ensure that the buyers perform their obligations of mortgage loan repayment. The amount was RMB11,379.4 million as at 31 December 2016, relative to RMB4,879.8 million as at 31 December 2015. The guarantees shall terminate at the earliest occurrence of either of the following: (i) transfer of property ownership certificate to the buyer. Such certificate is generally transferred within 6 months from the date of property delivery; or (ii) full repayment of mortgage loan by the property buyer. The period of guarantee provided by the Group starts from the date when the mortgage is granted.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. SUN Hongbin (“Mr. Sun”), aged 54, is the Group’s founder, the chairman of the board of directors of the Company (the “Board”) and an executive Director of the Group. Mr. Sun is responsible for the Group’s overall development strategy and final decisions on daily significant operational matters, including land and equity acquisitions and appointments of senior management. Mr. Sun has over 20 years of ample experience in property sector in the PRC. Mr. Sun started his real estate business in 1994 and has accumulated extensive experience in the management of the real estate activities over years. Mr. Sun obtained a master’s degree in engineering from Tsinghua University in the PRC in 1985 and completed an advanced management program at Harvard Business School in the United States in 2000.

Mr. WANG Mengde (“Mr. Wang”), aged 46, is an executive Director of the Company and the chief executive officer of the Group. Mr. Wang has over 17 years of experience in the property sector in the PRC. He joined the Group in 2006 and acted as the chief financial officer and the vice president of the Group. He has been the executive president and chief executive officer of the Group since 2011 and September 2015, respectively. Prior to joining the Group, Mr. Wang was the chief operating officer and chief financial officer of Sunco China Holdings Limited (“Sunco China”), a company engaged in the business of property development in the PRC from 2005 to 2006, and the general manager of a subsidiary of Sunco China in East China region from 2003 to 2005. From 1997 to 1999, he worked at Tianjin Samsung Wool Textile Co., Ltd., where he was in charge of corporate finance and accounting management. Mr. Wang graduated from Nankai University in the PRC with a bachelor’s degree in auditing in 1997.

Mr. JING Hong (“Mr. Jing”), aged 55, is an executive Director of the Company and the executive president of the Group and the president of the Beijing regional branch. Mr. Jing graduated from the Beijing Jiaotong University (previously known as Northern Jiaotong University) in the PRC in 1984 with a bachelor’s degree in engineering. From October 2002 to 2006, Mr. Jing served as a vice president of Sunco China. Mr. Jing has extensive experience in real estate development. He joined the Group in January 2007. Since then, he has been the general manager of Beijing Sunac Hengji Real Estate Co., Ltd. and is responsible for overall business operations.

Mr. CHI Xun (“Mr. Chi”), aged 44, is an executive Director of the Company and the executive president of the Group and the president of the North China regional branch, with over 17 years of experience in real estate development and sales management. He joined the Group in 2004 and held the position of deputy general manager of Tianjin Sunac Zhidi Co., Ltd. (“Sunac Zhidi”) from 2004 to 2005. Since 2005, he has been the general manager of Sunac Zhidi. Prior to joining the Group, Mr. Chi worked at various property companies where he was primarily responsible for project development, design and sales. Mr. Chi graduated from Harbin Institute of Technology in the PRC in 1997 with a bachelor’s degree in architecture.

Mr. TIAN Qiang (“Mr. Tian”), aged 40, is an executive Director of the Company and the executive president of the Group and the president of the Shanghai regional branch. Mr. Tian joined the Group in 2007 and acted as a deputy general manager of Tianjin Xiangchi Investment Co., Ltd.. In 2007, he held the position of a general manager of Wuxi Sunac Real Estate Co. Ltd.. He has been the general manager of the Shanghai regional branch since 2012, and has been the executive president of the Group since 2015. Prior to joining the Group, Mr. Tian has been a sales manager, deputy general sales manager and general manager between 2002 and 2007 at Sunco China. Mr. Tian graduated from the Tianjin Institute of Urban Construction in 1999 with a bachelor’s degree in engineering specializing in construction project management.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. SHANG Yu (“Mr. Shang”), aged 38, is an executive Director of the Company and the executive president of the Group and the president of the Southwest regional branch. Mr. Shang has over 16 years of experience in the property sector in the PRC. He joined the Group in 2003 and was the deputy general manager of Tianjin Sunac Ao Cheng Investment Co., Ltd. (“Sunac Ao Cheng”) and Chongqing Olympic Garden Real Estate from 2003 to 2004. Since 2006 till now, he has become the general manager of Chongqing Olympic Garden Real Estate. Mr. Shang graduated from Tianjin Institute of Urban Construction in the PRC with a bachelor’s degree in property development and management in 2001 and then obtained a master’s degree in business administration from the China Europe International Business School in 2008.

Mr. HUANG Shuping (“Mr. Huang”), aged 36 is an executive Director of the Company and the executive president of the Group and the president of the Guangzhou and Shenzhen regional branch. He has been appointed as an executive director of the Company since 24 November 2016. He joined the Group in 2007 and acted successively as a supervisor and the general manager of the capital operations centre, the deputy general manager of the finance management department and the assistant to chief executive officer. He served as the vice president of the Group from 2011 to 2015, and the chief financial officer and Board secretary of the Group from 2012 to 2015. He has been the executive president of the Group since 2015. Prior to joining the Group, Mr. Huang was an assistant to the president of Sunco China with responsibilities in capital management from 2005 to 2007, and a project manager of the assets management department of the Capital Securities Co., Ltd. from 2004 to 2005. Mr. Huang graduated from Xiamen University with a bachelor’s degree in economics in 2003 and received a master’s degree from the University of Liverpool in finance in 2004.

Mr. LI Shaozhong (“Mr. Li”), aged 53, is an executive Director of the Company, the executive president of the Group and the executive general manager of Guangzhou-Shenzhen region branch. Mr. Li has over 20 years of extensive experience in property development and civil engineering. He joined the Group in December 2003 and acted as the general manager of Sunac Ao Cheng and the vice president of the Group. Mr. Li has accumulated over 22 years of experience and knowledge through holding different positions in real estate companies in the major cities of the PRC such as Shanghai and Tianjin. Mr. Li graduated from the Graduate School of Tianjin University in the PRC with a master’s degree in engineering in 1987 and obtained his doctorate degree in management in March 2007.

Independent Non-executive Directors

Mr. POON Chiu Kwok (“Mr. Poon”), aged 54, is an independent non-executive Director of the Company. Mr. Poon possesses many years of accounting and relevant financial management experience. He currently serves as an executive director, vice president and company secretary of Huabao International Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 336), and an independent non-executive director of Yuanda China Holdings Limited (stock code: 2789), Changan Minsheng APLL Logistics Co., Ltd., (stock code: 1292), Tonly Electronics Holdings Limited (stock code: 1249), AUX International Holdings Limited (stock code: 2080), TUS International Limited (stock code: 872), Sany Heavy Equipment International Holdings Company Limited (stock code: 631), Greentown Service Group Co. Ltd. (stock code: 2869) and Jinchuan Group International Resources Co. Ltd (stock code: 2362) respectively, the shares of which are listed on the Main Board of the Stock Exchange. He ceased to serve as an independent non-executive director of CSSC Offshore & Marine Engineering (Group) Company Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 317) and the Shanghai Stock Exchange (stock code: 600685) and Ningbo Port Company Limited, whose shares are listed on the Shanghai Stock Exchange (stock code: 601018) since 26 May 2014. Mr. Poon is a Fellow member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries and a member of its Technical Consultation Panel and Professional Development Committee. He is also a Fellow member and Associate Instructor of Hong Kong Securities and Investment Institute. He obtained a master’s degree in international accounting, a post-graduate diploma in laws, a bachelor’s degree in laws and a bachelor’s degree in business studies. Mr. Poon joined the Group in June 2011.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHU Jia (“Mr. Zhu”), aged 54, an independent non-executive Director of the Company. Mr. Zhu is a Juris Doctorate degree holder from Cornell Law School in the United States and currently a managing director of Bain Capital Private Equity (Asia), LLC. Mr. Zhu has solid and extensive experience in a broad range of cross border mergers and acquisitions as well as international financing transactions involving PRC companies. Before joining Bain Capital Private Equity (Asia), LLC in 2006, he was the chief executive officer of the PRC business of Morgan Stanley Asia Limited. Mr. Zhu is currently a non-executive director of each of Clear Media Limited (stock code: 100) and Greatview Aseptic Packaging Company Limited (stock code: 468), the shares of which are listed on the Main Board of the Stock Exchange. He served as a non-executive director of SinoMedia Holding Limited (stock code: 623) (whose shares are listed on the Main Board of the Stock Exchange) from November 2006 to May 2013 and GOME Electrical Appliances Holding Limited (stock code: 493) (whose shares are listed on the Main Board of the Stock Exchange) from August 2009 to January 2015. Mr. Zhu has been a non-executive director of the Company since 30 September 2009 and has been re-designated to an independent non-executive director since 24 November 2016.

Mr. LI Qin (“Mr. Li”), aged 76, is an independent non-executive Director of the Company. He is also the chairman of the board of supervisors of Legend Holdings Corporation, whose shares are listed on the Main Board of the Stock Exchange (stock code: 3396). Mr. Li has extensive experience in business management, formulation of comprehensive business plans and strategies and their implementation. Mr. Li graduated from Beijing Institute of Mechanical Engineering (北京機械學院) (presently known as the Xi’an University of Technology (西安理工大學)) in the PRC with a bachelor’s degree in Automatic Control Engineering in 1965. From 1965 to 1984, Mr. Li worked for the Technological Research Institute of Chinese Academy of Sciences. Since 1985, Mr. Li co-founded New Technology Development Company (the predecessor of Legend Holdings), and held the position of executive vice president of Legend Holdings over a long period of time until his retirement in 2009. From 2001 to December 2007, Mr. Li was also the chairman of the board of directors of Digital China Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 861). Mr. Li joined the Company in August 2009.

Mr. MA Lishan (“Mr. Ma”), aged 65, is an independent non-executive Director of the Company. Mr. Ma graduated from Beijing Foreign Studies University in the PRC in 1975. Mr. Ma has extensive experience in corporate operation and management of modern large enterprises and listed companies. Mr. Ma has served various positions such as chairman, executive director and general manager in certain large-scale joint ventures under COFCO (Group) Limited (中國糧油食品(集團)有限公司), as well as Great Wall Wine Industrial Company (長城葡萄酒實業公司). From January 1996, Mr. Ma served as executive director of China Foods Holdings Limited (中國食品集團有限公司) (stock code: 506). From May 1997 to June 2003, Mr. Ma served as executive director and general manager of the company. He was the managing director of COFCO International Limited (now renamed China Foods Limited) between April 2002 and June 2003. In 2000, Mr. Ma served as the deputy general manager of China Foods Import and Export (Group) Co., Ltd. (中國糧油食品進出口(集團)有限公司). Mr. Ma was the deputy chairman of Top Glory International Holdings Limited (鵬利國際集團有限公司) (controlling shareholder of COFCO PROPERTY (GROUP) CO., LTD. from June 2003 to July 2005). Mr. Ma was executive director of Sino Resources Limited from 7 June 2008 to 16 January 2009, whose shares are listed on the Main Board of Stock Exchange (stock code: 223). From May 2008 to present, he is an independent non-executive director of Silver Base Group Holdings Limited whose shares are listed on the Main Board of the Stock Exchange (stock code: 886). From September 2010 to August 2012, he was also the executive director, managing director and chairman of Hao Tian Resources Group Limited (now renamed Hao Tian Development Group Limited), whose shares are listed on the Main Board of the Stock Exchange (stock code: 474). He is the senior consultant in Hao Tian Development Group Limited from August 2012 to present. From March 2016 to present, Mr. Ma is an independent non-executive director of SRE Group Limited whose shares are listed on the Main Board of the Stock Exchange (stock code: 1207). From June 2016 to present, Mr. Ma is an independent non-executive director of China Minsheng Drawin Technology Group Limited whose shares are listed on the Main Board of the Stock Exchange (stock code: 726). From August 2016 to present, Mr. Ma is an independent non-executive director of Huarong International Financial Holdings Limited whose shares are listed on the Main Board of the Stock Exchange (stock code: 993). Mr. Ma joined the Company in August 2009.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. TSE Chi Wai ("Mr. Tse"), aged 49, is an independent non-executive Director of the Company. Mr. Tse has over twenty years of experience in auditing, accounting and finance gained from working with various international accounting firms and listed companies. Mr. Tse is an executive director, the financial controller and company secretary of China Information Technology Development Limited, the shares of which are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange (Stock Code: 8178). Mr. Tse is also an independent non-executive director of China Environmental Technology Holdings Limited since May 2015, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 646). Mr. Tse is also an executive director of Jih Sun Financial Holding Company Limited since December 2010, the shares of which are listed on the Taiwan Stock Exchange Corporation (Stock Code: 5820: Taiwan). Further, Mr. Tse is an independent non-executive director of Great Water Holdings Limited since 8 December 2015, the shares of which are listed on GEM of the Stock Exchange (Stock Code: 8196). Mr. Tse is an independent non-executive director of Chun Sing Engineering Holdings Limited (stock code: 2277), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Tse graduated from the University of Hong Kong in June 1989 with a bachelor degree in social sciences. Mr. Tse is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants. During the period between March 2015 and November 2015, Mr. Tse was an independent non-executive director of Greens Holdings Ltd. ("Greens Holdings"), a company incorporated in the Cayman Islands and principally engaged in the manufacture and supply of heat transfer products and solutions, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1318). Greens Holdings announced that (i) on 2 September 2015, Greens Holdings filed a winding up petition with the Grand Court of the Cayman Islands; (ii) on 29 September 2015, a winding up petition was filed with the High Court of Hong Kong against Greens Holdings by a bondholder for an outstanding debt under the unlisted bonds issued by Greens Holdings in January 2015; (iii) on 8 October 2015, joint provisional liquidators were appointed pursuant to an order of the Grand Court of the Cayman Islands; (iv) the winding up petition instituted in Hong Kong was heard on 2 December 2015; and (v) as at the latest practicable date prior to printing of this annual report, the said winding up petitions are still in progress. Mr. Tse confirmed that (i) there is no wrongful act on his part leading to the said winding up petitions and he is not aware of any actual or potential claim which has been or will be made against him as a result of the said winding up petitions; and (ii) his involvement in Greens Holdings during his tenure was part and parcel of his services as a director thereof and no misconduct or misfeasance on his part had been involved in the said winding up petitions. Mr. Tse joined the Company in December 2012.

Senior Management

Mr. WANG Peng ("Mr. Wang"), aged 36, is the executive president of the Group and the president of the Southeast regional branch. Mr. Wang joined the Group in 2004, and served as the legal manager of the Group from 2004 to 2008 and the general manager of Tianjin Sunac Business Management Company (天津融創商業管理公司) and Tianjin Sunac Property Management Co. Ltd. from 2009 to 2011. He also acted as the project general manager of Tianjin Sunac Zhidi Co., Ltd. in 2012. He has been the general manager of the Hangzhou Company of the Group since 2013. He has been the vice president of the Group since 2015. Mr. Wang graduated from Tianjin Polytechnic University in 2003 with a bachelor's degree in law.

Ms. MA Zhixia ("Ms. Ma"), aged 44, is the executive president and the chief operation officer of the Group and responsible for the overall management of the business operations of the Group. Ms. Ma joined the Group in 2003, and acted as the general manager of Tianjin Sunac Zhidi Co., Ltd. from 2003 to 2005 and the vice president of the Group from 2005 to 2015. She has been the executive president and the chief operation officer of the Group since 2015. Prior to joining the Group, Ms. Ma joined Sunco China in 1998, and acted as the deputy general manager of Tianjin Sunco Construction Company Limited (天津順馳建設有限公司), a subsidiary of Sunco China, from 2000 to 2003. Ms. Ma graduated from Nankai University with a bachelor's degree in economics in 1995.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. WANG Hongbin (“Mr. Wang”), aged 49, is an executive president of the Group and the chairman of the regional company in Shanghai. Mr. Wang joined the Group in 2004 and has been chiefly responsible for the development of regional projects in Shanghai. He served various positions successively including an executive general manager of Greentown Real Estate Group Co., Ltd., the general manager of Shanghai Greentown Woods Golf Villas Development Co., Ltd., the general manager of Suzhou Greentown Rose Garden Real Estate Development Co., Ltd., the general manager of Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. and the general manager of Shanghai Greentown Plaza Development Co., Ltd. Mr. Wang graduated from Tongji University in 1989 with a bachelor’s degree in civil engineering.

Mr. CHEN Hengliu (“Mr. Chen”), aged 63, is the vice president of the Group and the chairman of the Southeast regional branch. Mr. Chen joined the Group in 2006 and has been the vice president of the Group. Prior to joining the Group, Mr. Chen worked for Lenovo Group Limited, China Sciences Group (Holding) Co., Ltd. (中科實業集團(控股)有限公司) and Sina.com. Mr. Chen graduated from Beijing Normal University in 1982 with a bachelor’s degree in physics, and graduated from the Post-graduate School of University of Science and Technology of China in 1985 with a master’s degree in science.

Ms. CAO Hongling (“Ms. Cao”), aged 42, is the executive president and chief financial officer of the Group. Ms. Cao possesses more than 16 years of experience in financial management. Since joining the Group in 2007, she has been working in the positions as manager and subsequently as general manager of the Group’s financial management center. Prior to joining the Group, Ms. Cao was a manager of the accounting department of Sunco Real Estate, a subsidiary of Sunco China since 2002 and was appointed as the manager of the financial management department of Sunco China in 2006, a company engaged in the business of property development in the PRC. Ms. Cao graduated from the Tianjin University of Finance & Economics in 1998 with a bachelor’s degree in accounting. Ms. Cao is a member of The Chinese Institute of Certified Public Accountants.

Ms. XUE Wen (“Ms. Xue”), aged 45, is the executive president of the Group. Ms. Xue joined the Company in 2004, and has been the general manager of the Legal Affairs Department, the Human Resources Department and the Administration and Management Department of the Company. Prior to joining the Company, Ms. Xue served successively as a professional lawyer at China Hualian Law Firm (中國華聯律師事務所) and Ruining Law Firm (瑞寧律師事務所). Ms. Xue graduated from China University of Political science and Law in 1996 with a bachelor’s degree in international economic law.

Mr. LU Peng (“Mr. Lu”), aged 41, is the executive president of the Group and responsible for project management of the Company and procurement management of the Group. Mr. Lu joined the Company in 2003, and served successively as the deputy general manager of Sunac Zhidi with responsibilities in research and development, the general manager of Chongqing Olympic Garden Real Estate, the general manager of APEV Project, the general manager of Horizon Capital Project in Tianjin and the general manager of TEDA Project in Tianjin. Mr. Lu graduated from the School of Materials of Tianjin University in 1999, majoring in welding technology and equipment.

Mr. WANG Yingjia (“Mr. Wang”), aged 46, is the executive president of the Group and the president of the Central China regional branch. Mr. Wang joined the Group since 2004. Since 2012, he has served as a director and general manager of the Group development department. He has been the president of Central China regional branch since 2015. He has served as vice president and executive president of the Group since 2016. Mr. Wang has accumulated more than 20 years of experience in real estate development and civil engineering management. Mr. Wang graduated from Nankai University in 2004 with a master’s degree in management.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. SHI Yu (“Mr. Shi”), aged 40, is the vice president of the Group. Mr. Shi is responsible for the management of the Group research and development design and the product standardization work. Mr. Shi joined the Company in 2016. Prior to joining the Group, Mr. Shi worked in the Vanke Group for more than 13 years, with extensive experience in project design and construction management. Mr. Shi graduated from Tianjin University in 2003 with a master’s degree in power system and automation.

Mr. GAO Xi (“Mr. Gao”), aged 36, is the vice president of the Group, joint company secretary and the general manager of the Capital Management Center of the Group. Since joining the Group in 2007, he had held different positions in various departments of the Group, including the capital operations centre, financial management center and financing management department. Since 2011, he began to act successively as the manager, director and general manager of the investor relations department of the Company. Mr. Gao has participated in the work in relation to the Company’s initial public offering, and upon the listing of the shares of the Company on the Stock Exchange in 2010, he contributed to establish the investor relations department, where he is mainly responsible for listing compliance, corporate governance, investor relations and offshore financing related matters. Mr. Gao graduated from Shanxi University of Finance & Economics in 2008 with a master’s degree in quantitative economics.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Tian Qiang and Mr. Huang Shuping have been appointed as executive directors of the Company with effect from 24 November 2016. Mr. Zhu Jia, non-executive director of the Company, has been re-designated as an independent non-executive director of the Company and appointed as chairman of the remuneration committee and member of the audit committee of the Company with effect from 24 November 2016. The biographies of Mr. Tian Qiang, Mr. Huang Shuping and Mr. Zhu Jia are set out under “Biographies of Directors and Senior Management” of this report.

Mr. Shang Yu was appointed as a director of Jinke Property Group Co., Ltd. (“Jinke Property”) since 1 December 2016.

Save as disclosed in this report, there is no change in Directors’ information that is required to be disclosed in accordance with Rule 13.51(B) (1) of the Listing Rules since the publication of the interim report for the period ended 30 June 2016 by the Company.

The Board recognizes the importance of improving transparency to shareholders, rigorous risk management and accountability and is committed to achieving high standards of corporate governance. The Board believes that corporate governance of high standard and great efficiency will help the Company achieve better results and bring long term benefits to the shareholders.

Corporate Governance Practices

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the guidelines for the directors' dealings in the securities of the Company. Following specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2016 in relation to their securities dealings, if any.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and had, throughout the year ended 31 December 2016, complied with all applicable Code Provisions under the Corporate Governance Code, save and except for the deviations from Code Provision E.1.2.

Code Provision E.1.2 provides that the chairman of the Board and the chairmen or members of all the Board committees should attend the annual general meeting of the Company and be available to answer questions at the meeting. Mr. Sun Hongbin (chairman of the Board and chairman of the Nomination Committee) was unable to attend the Company's annual general meeting held on 19 May 2016 as he had to

attend certain business matters in the PRC on the same day. Instead, Mr. Wang Mengde (executive director of the Company and chief executive officer of the Group) attended and chaired the meeting. Accordingly, the Company was unable to fully comply with Code Provision E.1.2 of the Corporate Governance Code.

The Board recognizes and appreciates the importance and benefits of good corporate governance and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have regular discussions about the performance and business strategies of the Group. They, together with the relevant senior executives of the Company, have also attended regular trainings on the Listing Rules and other statutory requirements. The Company has established an internal reporting practice within the Group in order to monitor the operation and business development of the Company.

During the year under review, the corporate governance functions stipulated in Code Provision D.3.1 of the Corporate Governance Code were performed by the Board, which included: (i) developing and reviewing the Company's policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors; and (v) reviewing the Company's compliance with the code and disclosure in the Corporate Governance Report.

At the Board meeting held on 27 March 2017, the Board delegated to the Audit Committee the corporate governance duties as stipulated in Code Provision D.3.1 of the Corporate Governance Code going forward, including the financial year ending 31 December 2017.

CORPORATE GOVERNANCE REPORT

TRAININGS OF THE DIRECTORS

The Board recognizes and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have regular discussions about the performance and business strategies of the Group. They, together with the relevant senior executives of the Company, have also attended regular trainings on the Listing Rules and regulatory requirements. The Company has established an internal reporting practice throughout the Group in monitoring the operation and business development of the Company.

All Directors should keep abreast of the responsibilities as a Director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable training and professional development programme for the Directors. For newly appointed Directors, the Company shall arrange for suitable induction training, so as to ensure that they have an appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company. During the year under review, all the Directors, together with the relevant senior executives of the Company, have attended suitable induction and/or regular trainings arranged by the Company.

The company secretaries of the Company keep and update records of training received by Directors.

For the year ended 31 December 2016, trainings received by each Director are summarized as follows:

Name of Director	Attending seminar(s)/ program(s)/ conference(s) relevant to the business or Directors' duties	Reading materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements
Mr. Sun Hongbin	√	√
Mr. Wang Mengde	√	√
Mr. Jing Hong	√	√
Mr. Chi Xun	√	√
Mr. Tian Qiang (Note)	√	√
Mr. Shang Yu	√	√
Mr. Huang Shuping (Note)	√	√
Mr. Li Shaozhong	√	√
Mr. Poon Chiu Kwok	√	√
Mr. Zhu Jia	√	√
Mr. Li Qin	√	√
Mr. Ma Lishan	√	√
Mr. Tse Chi Wai	√	√

Note: Appointed as directors since 24 November 2016.

The Board

The Board currently comprises eight executive Directors and five independent non-executive Directors, assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The management is delegated with authorities and responsibilities by the Board for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various Board committees and has delegated various duties to the Board committees, including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), and the nomination committee (the "Nomination Committee") of the Company (collectively, the "Board Committees"). All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

Board Composition

EXECUTIVE DIRECTORS

Mr. Sun Hongbin (*Chairman*)

Mr. Wang Mengde (*Chief Executive Officer*)

Mr. Jing Hong

Mr. Chi Xun

Mr. Tian Qiang

Mr. Shang Yu

Mr. Huang Shuping

Mr. Li Shaozhong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok

Mr. Zhu Jia

Mr. Li Qin

Mr. Ma Lishan

Mr. Tse Chi Wai

There is no relationship (including financial, business, family or other material relationship) between any members of the Board. The Directors' respective biographical information is set out on pages 47 to 50. The present Board members have extensive experience in corporate finance and management both in Hong Kong and the PRC. Mr. Poon Chiu Kwok, an independent non-executive Director, possesses accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The independent non-executive Directors currently represent more than one-third of the composition of the Board and they bring an element of independence to the Board. The diversified experiences and backgrounds of Directors contribute to good corporate governance and performance of standards by the Group, and in turn generate long-term benefits for shareholders of the Company.

During the year ended 31 December 2016, the Board had met the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate qualification, or accounting or related financial management expertise (in compliance with Rule 3.10 of the Listing Rules). The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

All the Directors, including the independent non-executive Directors, are subject to retirement by rotation at the annual general meetings of the Company pursuant to the articles of association of the Company.

CORPORATE GOVERNANCE REPORT

BOARD MEETINGS

The Board convened four meetings during the year ended 31 December 2016 to discuss corporate strategies, business plans and other significant issues of the Group. Details of the attendance at the Board meetings convened are set out as follows:

Name of Director	Attendance/ Number of meetings held
Executive Directors	
Mr. Sun Hongbin (<i>Chairman</i>)	4/4
Mr. Wang Mengde (<i>Chief Executive Officer</i>)	4/4
Mr. Jing Hong	4/4
Mr. Chi Xun	4/4
Mr. Tian Qiang (appointed as Executive Director with effect from 24 November 2016)	0/0
Mr. Shang Yu	4/4
Mr. Huang Shuping (appointed as Executive Director with effect from 24 November 2016)	0/0
Mr. Li Shaozhong	4/4
Independent Non-executive Directors	
Mr. Poon Chiu Kwok	4/4
Mr. Zhu Jia (re-designated as Independent Non-Executive Director on 24 November 2016)	4/4
Mr. Li Qin	4/4
Mr. Ma Lishan	4/4
Mr. Tse Chi Wai	4/4

CORPORATE GOVERNANCE REPORT

In addition, all members of the Board have approved the following proposals unanimously after review by way of written resolutions during the year under review:

2016	Subject matter
January	Acquisition of 9.4% interest in Shanghai Huafeng Real Estate Development Co., Ltd.
January	Acquisition of 95% equity interests in Suzhou Xinyou Real Estate Co., Ltd.
January	Further acquisition of 37.855% equity interests and debts in Shanghai Fengdan Lishe Real Estate Development Co., Ltd.
February	Acquisition of the entire equity and debts interests in Suzhou Der Taihu Bay Properties Co., Ltd. and Suzhou Der Taihu Town Real Estate Co., Ltd.
February	Acquisition of 70% equity interests and debts interests in Zhongmu Meisheng Real Estate Co., Ltd
March	Entering into a cooperation agreement with Shanghai Moke Real Estate Co., Ltd. in relation to the formation of the joint venture and the acquisition of the two target projects
May	Acquisition of 100% equity interests in seven subsidiaries affiliated to Top Spring International Holdings Limited
June	Grant of share options pursuant to the share option scheme of the Company
August	Acquisition of 50% equity interests and debts interests in Hangzhou Heming Investment Co., Ltd., Zhejiang Yuecheng Investment Co., Ltd. and Hangzhou Rongyue Investment Co., Ltd
September	Acquisition of relevant equity interests and debts interests in 41 target companies affiliated to Legend Holdings Corporation and/or Raycom Real Estate Development Co., Ltd., which mainly own interests in 42 property projects
September	Subscription of 16.96% shares of Jinke Property Group Co., Ltd
September	(1) Connected transaction – proposed share issuance under specific mandate; (2) Application for whitewash waiver; and (3) Appointment of independent financial adviser
November	Change of registered address of the Company in the Cayman Islands
November	(1) Appointment of Executive Directors; (2) Re-designation of Non-executive Director as Independent Non-executive Director; (3) Change of Chairman of the Remuneration Committee and (4) Appointment of Member to the Audit Committee
November	Acquisition of entire equity interests in Qingdao Calxon Real Estate Development Company Limited, and the provision of guarantee and counter-guarantee
December	Acquisition of 17.34% equity interests and debt interests in Hangzhou Jinhong Properties Co., Ltd. and Hangzhou Jinhe Investment Co., Ltd., and 34% equity interests and debt interests in Hangzhou Ducheng Properties Co., Ltd

CORPORATE GOVERNANCE REPORT

Board Committees

The Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Board Committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of the Board Committees will report their findings and recommendations to the Board after each meeting.

Audit Committee

The primary duties of the Audit Committee are to review the completeness of the policies and procedures on internal control and the effectiveness of the risk management system of the Company, and to review the financial statements of the Group. The Audit Committee consists of five independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai. Mr. Poon Chiu Kwok acts as the chairman of the Audit Committee. The terms of reference of the Audit Committee have been adopted by the Board on 27 November 2009 and amended on 29 March 2012 and 24 August 2015 respectively, and have been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn). During the year ended 31 December 2016, the Audit Committee convened two meetings in total, and the individual attendance of each member during the period is set out as follows:

Name of Member	Attendance/ Number of meetings held
Mr. Poon Chiu Kwok (<i>Chairman</i>)	2/2
Mr. Zhu Jia (appointed as member of the Audit Committee with effect from 24 November 2016)	0/0
Mr. Li Qin	2/2
Mr. Ma Lishan	2/2
Mr. Tse Chi Wai	2/2

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2016 and has recommended the Board to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year ended 31 December 2017, subject to approval by the shareholders of the Company at the forthcoming annual general meeting expected to be held on or about 22 May 2017.

The Audit Committee has been appointed by the Board to perform the corporate governance duties as stipulated in Code Provision D.3.1 of the Corporate Governance Code going forward at the Board meeting held on 27 March 2017.

The work performed by the Audit Committee during 2016 included, among others, the following:

1. reviewed annual and interim consolidated financial statements of the Group for the year ended 31 December 2015 and the six months ended 30 June 2016, respectively;
2. reviewed the Company's relationship with the external auditors, discussed with the Company's external auditors on the tasks performed by them including the nature and scope of their audit and reporting obligations, and reviewed the terms of engagement and remuneration of the external auditors;
3. reviewed the 2016 cash flow projections and monitored the Group's overall financial condition;
4. reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of internal control, credit control and risk management of the Group;
5. reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and
6. met with external auditors in the absence of executive Directors and senior management to discuss matters in relation to the audit.

REMUNERATION COMMITTEE

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration of the Directors and senior management as well as to evaluate and make recommendations on employee benefit arrangements. The terms of reference of the Remuneration Committee has been adopted by the Board on 27 November 2009 and amended on 29 March 2012 and has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn).

The Remuneration Committee currently comprises one executive Director, namely Mr. Sun Hongbin, and five independent non-executive Directors, namely Mr. Zhu Jia, Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai. Mr. Poon Chiu Kwok was the chairman of the Remuneration Committee until 24 November 2016, when Mr. Poon retired as chairman but remained as a member of the Remuneration Committee and Mr. Zhu Jia was appointed as the chairman of the Remuneration Committee.

The Remuneration Committee held two meetings during the year ended 31 December 2016, and the individual attendance of each member during the period is set out as follows:

CORPORATE GOVERNANCE REPORT

Name of Member	Attendance/ Number of meetings held
Mr. Zhu Jia (<i>Chairman</i>) (appointed as the chairman of the Remuneration Committee with effect from 24 November 2016)	0/0
Mr. Sun Hongbin	2/2
Mr. Poon Chiu Kwok (ceased to be the chairman of the Remuneration Committee with effect from 24 November 2016)	2/2
Mr. Li Qin	2/2
Mr. Ma Lishan	2/2
Mr. Tse Chi Wai	2/2

The major work performed by the Remuneration Committee in 2016 included reviewing and making recommendation to the Board regarding of the Directors' remuneration for the year ending 31 December 2017 and the terms of service contracts for newly appointed directors.

NOMINATION COMMITTEE

The primary duties of the Nomination Committee are to identify and to nominate suitable candidates for Directors and senior management of the Company. Criteria adopted by the Nomination Committee in considering whether the relevant personnel are suitable for Directors include their qualifications, experience, expertise and knowledge as well as provisions of the Listing Rules. The terms of reference of the Nomination Committee has been adopted by the Board on 27 November 2009 and amended on 29 March 2012 and 26 August 2013, and has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn).

The Nomination Committee comprises one executive Director, namely Mr. Sun Hongbin, and three independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Li Qin, and Mr. Ma Lishan. Mr. Sun Hongbin acts as the chairman of the Nomination Committee.

The work performed by the Nomination Committee during 2016 included the following:

1. identified suitable candidates for directorships and made recommendations to the Board;
2. assessed the independence of independent non-executive Directors;
3. made recommendations to the Board on the appointment or re-appointment of Directors;
4. assessed and recommended to the Board the re-designation of Mr. Zhu Jia as an independent non-executive Director and his appointment as the chairman of the Remuneration Committee and a member of the Audit Committee; and
5. reviewed and assessed the implementation of the Board Diversity Policy during 2016 (as defined below).

CORPORATE GOVERNANCE REPORT

The Nomination Committee reviewed and recommended to the Board the Board diversity policy (“Board Diversity Policy”) and the Board, in the Board meeting held on 25 August 2015, adopted such policy to assess the Board composition. In reviewing the composition of the Board, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. Based on the Nomination Committee’s review for the year ended 31 December 2016, the Nomination Committee considers that these measurable objectives have been satisfactorily implemented and that there is sufficient diversity in the Board for the Company’s corporate governance and business development needs.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate’s character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendation to the Board.

The Nomination Committee held two meetings during the year ended 31 December 2016, and the individual attendance of each member during the period is set out as follows:

Name of Member	Attendance/ Number of meetings held
Mr. Sun Hongbin (<i>Chairman</i>)	2/2
Mr. Poon Chiu Kwok	2/2
Mr. Li Qin	2/2
Mr. Ma Lishan	2/2

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2016 is as follows:

Remuneration Bands (RMB)	Number of Individuals
0-1,000,000	2
1,000,001-2,000,000	6
2,000,001-3,000,000	2
3,000,001 and above	0

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

During the year ended 31 December 2016, the remunerations paid or payable to the auditor of the Group, PricewaterhouseCoopers, in respect of its statutory audit services and non-audit services are RMB16 million and RMB10.7 million, respectively. The non-audit services provided was mainly related to the service fees relating to issuance of domestic corporate bonds and major acquisitions.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2016 which give a true and fair view of the state of affairs of the Group and of the results and cash flow for the period. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" on pages 93 to 97 of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company continues to carry out efficient and independent internal control and adopts an approach of combining the best practices with industry standards to optimize the governance environment, increase the monitoring level, draw on senior management's experience in the industry, highlight the business expertise and establish a standardized internal control and supervision system in order to facilitate the Company's operations and management, ensure asset quality and safeguard the interests of shareholders.

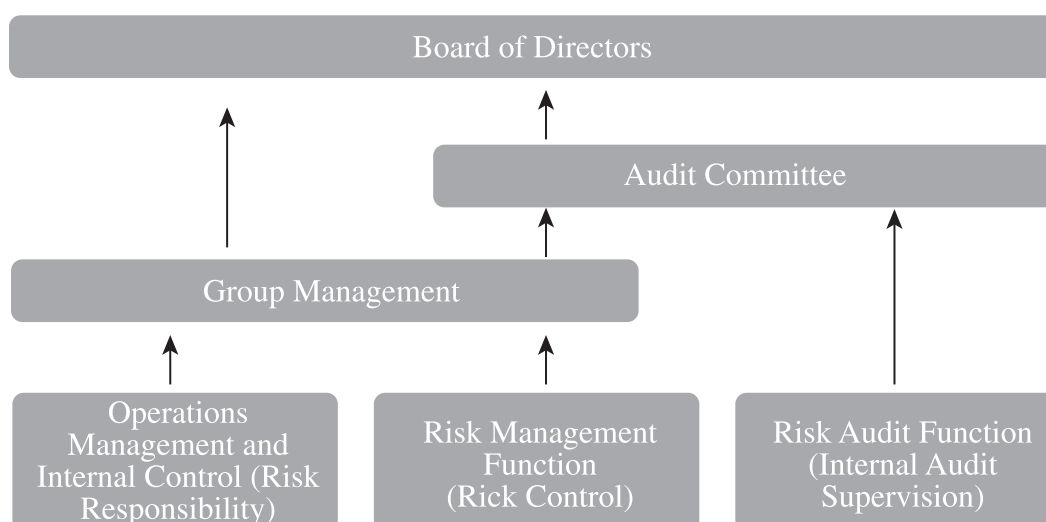
Risk Management Responsibility

The Board of Directors, as the main body responsible for risk management of the Company, has always been committed to maintaining the development and upgrading of risk management and internal control systems to meet the Company's overall strategic objectives. The Company has established internal control measures led by the Board of Directors whereby the management is responsible for assisting in completing the identification and evaluation of risk factors of the business systems, implementing the Company's policies and procedures and participating in the design and operation of such measures that meet the Company's management requirements, which provides reliable assurance for the Company to carry out its business to prevent the occurrence of significant operational risks and losses.

Risk Management Structure of the Company

The Company has established a risk management and control system with well-defined power and responsibility and comprehensive functions. The risk management and control department is appointed by the Board of Directors and the Audit Committee to complete various audit tasks for the whole year and make suggestions for improving the effectiveness of the Company's risk management and internal control system. It makes special reports to the Company's Board of Directors and Audit Committee on a regular basis each year.

The risk management structure of the Company is as follows:



Risk Management Procedure

The Company adopts "Comprehensive Risk Management for Enterprises" to identify, evaluate and handle major business risks. The risk management and control department formulates risk evaluation standards for the Company, evaluates major risks that may affect the achievement of business objectives, rates risks associated with the Company's operation based on the importance level of such risks, and determines the scope and content of internal audits. Meanwhile, business units evaluate the existing control measures and management methods and develop solutions for potential risks existing in operations and management.

The risk management and control department conducts audit supervision on major business aspects in operations and management based on the carrying out of the business of the Company through routine audit, special audit, report and investigation audit and other ways, and requests business units to conduct rectifications in respect of risks found in audits. Besides, it keeps track of the status of rectification and measures, ensures all risks are effectively controlled, regularly organizes business units of the Company for training and shares internal control experience and risk information to increase the Company's risk management standard.

CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control Review

The Board of Directors of the Company reviews each year the effectiveness of the Group's risk management and internal control system for the previous fiscal year, and made evaluations and suggestions on the Group's risk management and internal control system and process through internal and external professionals and institutions.

The annual review has considered, in respect of the year ended 31 December 2016, whether the Company's resources were adequate, whether the risk management and internal control measures and procedures were sound and effective, whether the Group's rules and major business processes could meet the requirements on operations and management and the needs for the rapid development of the Company, and the Board also conducted a comprehensive evaluation on the timeliness, effectiveness and normativity of the procedures for handling and releasing inside information of the Company, and the results were basically satisfactory.

During the reporting period, the Group's risk control department found out after reviewing and inspecting key business points in the operation and management, that on the management of the Group for regional project companies, some business practices were defective and need improvement. For risks and issues discovered during the annual audit, the management of the Group required each of regional project companies to submit respective audit rectification report. Where relevant controls were introduced to address risk factors, the Group's management rules were amended and improved, business operating process was optimized, and further the effectiveness of internal control measures were reverified, thereby achieving the management goal of optimizing the risk management and internal control process.

The Board of Directors confirms that the management achieved effective implementation and orderly operation in various risk management tasks and the internal control system of the Company by summarizing and evaluating the results of various internal control tasks of the Company.

The Company will further improve the risk management and internal control measures, constantly optimize the operation and management environment, guarantee the efficient and compliant operation of the Company, ensure the safety and reliability of the Company's funds and assets, strengthen

the construction of the compliance and risk control systems and promote the realization of the Company's development strategy.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. Our primary focus is to ensure that information disclosure is timely, fair, accurate, truthful and complete, thereby enabling our shareholders, the investors as well as the public to make rational and informed decisions.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to pursue active dialogue with shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its shareholders, investors and other stakeholders. Annual general meeting ("AGM") of the Company serves as an effective forum for communication between the shareholders and the Board. Notice of the AGM together with the meeting materials will be despatched to all shareholders not less than 21 clear days and not less than 20 clear business days before the AGM. As one of the measures to safeguard the shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. In addition, the Company regards the AGM as an important event, and the Directors, the chairmen or members of Board Committees, senior management and external auditor shall attend the AGM of the Company to address shareholders' inquiries. If the chairmen of the Board, the Audit Committee, the Remuneration Committee or the Nomination Committee fail to attend, the meeting, they shall arrange for a delegate, such as the chief executive officer of the Company or other members of each Board Committee (as the case may be), to attend the AGM and answer shareholders' inquiries thereat. All resolutions proposed at general meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn) on the same day of the relevant general meetings.

With reference to the aforesaid, the AGM held on 19 May 2016 was chaired by Mr. Wang Mengde (executive Director of the Company and chief executive officer of the Group) and attended by Mr. Poon Chiu Kwok (independent non-executive Director, chairman of the Audit Committee (Note: Mr. Poon retired from his chairmanship and became a member of the Audit Committee with effect from 24 November 2016) and member of the Remuneration Committee and Nomination Committee) and Mr. Tse Chi Wai (independent non-executive Director and a member of the Audit Committee and the Remuneration Committee).

To promote effective communication, the Company maintains a website at www.sunac.com.cn, where the latest information and updates on its business operation and development, corporate governance practice, contact information of Investor Relations Department and other information are published for the public's access.

Shareholders' Right

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law. However, shareholders who wish to propose resolutions may follow article 58 of the articles of association of the Company for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of article 58 are set out above.

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 Investor Relations Department whose contact details are as follows:

Investor Relations Department
Sunac China Holdings Limited
10/F, Building C7, Magnetic Plaza,
Binshuixi Road, Nankai District
Tianjin
PRC
Fax: 86-22-23937769
Email: ir@sunac.com.cn

Joint Company Secretaries

Mr. Gao Xi and Ms. Mok Ming Wai, director of KCS Hong Kong Limited, are joint company secretaries of the Company. Ms Mok's primary corporate contact person at the Company is Mr. Gao Xi, the vice president, the joint company secretary and the general manager of the Capital Management Center. In compliance with Rule 3.29 of the Listing Rules, Mr. Gao and Ms. Mok each has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2016.

Constitutional Documents

There was no change in the Company's constitutional documents during the year ended 31 December 2016.

INVESTOR RELATIONS REPORT

The Company's investor relations team aims to ensure shareholders of the Company (including individual and institutional shareholders), investment institutions and related persons to be provided with comprehensive, identical and timely access to easily understandable information about the Company in a timely manner, so as to enhance investors' understanding and recognition of the Company. On one hand, it enables our shareholders to exercise their rights in an informed manner, hence effectively enhancing shareholders' value. On the other hand, it is an effective channel which allows the shareholders and the investment community (including the Company's potential investors and analysts who publish analysis and reports on the Company's performance) to maintain smooth communications with the Company with an aim to establish a long-term, stable and healthy relationship.

The Company's investor relations team has formulated a well-organized and highly-efficient working system for investor relations so as to ensure that the Company, in compliance with the Listing Rules, conveys the latest information regarding its sales performance, major transactions, business operations and new land acquisition to the capital market in a timely and accurate manner. It also publishes as soon as practicable the monthly newsletters, announcements, annual reports, press releases and other information, and maintains close contact with the capital market through various channels including phone calls, conferences, emails and the Company's website, etc..

During the year ended 31 December 2016, the Company's investor relations team proactively organized and participated in a series of activities such as investor meetings and non-deal road shows which were held in Hong Kong, Shanghai, Shenzhen, Chengdu, Beijing and Macau by securities firms. Meanwhile, it also keeps close ties with the capital market through organizing teleconferences and inviting domestic and foreign investors and analysts to the Group's headquarters and cities where our projects are located to have meetings or on-site visits as well as communication with the Group and the management of various regions and various projects. During the year ended 31 December 2016, the investor relations team organized a total of 316 meetings with investment institutions and analysts and received 75 on-site project visits with investment institutions and analysts.

In the future, the Company's investor relations team will continuously dedicate itself to establishing a highly-efficient communication mechanism between the Company and the capital market, promoting and organizing more investment institutions to establish long-term connections with the Company, which will not only enable the capital market to have an in-depth understanding of the Company, but also enable the Company to understand the requirements of the capital market towards the operations of the Company in a timely manner so as to achieve a win-win situation.

Below are the highlights of some investor relations activities during the year ended 31 December 2016:

Month	Activities	Place
January	BNP Asia Pacific Financials, Property&Logistics Conference	Hong Kong
January	Barclays China Property Corporate Day 2016	Hong Kong
January	UBS 16th Greater China Conference	Shanghai
April	Credit Suisse Asian Investment Conference 2016	Hong Kong
April	UBS Greater China Property Conference 2016	Hong Kong
April	Industrial Securities Greater China (A&H Stock) Investment Conference	Shenzhen
May	21st CLSA China Forum	Chengdu
May	CIMB China property corporate day	Hong Kong
May	Morgan Stanley Second Annual China Summit	Beijing
June	CICC Investment Strategy Conference 2H16	Shanghai
June	Citi Asia Pacific Property Conference	Hong Kong
September	Nomura China Investor Forum 2016	Shanghai
October	Orient Securities HK Stock Investment Forum	Shanghai
November	CICC Investment Forum 2016	Beijing
November	Citi 11th China Investor Conference 2016	Macau

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

As specialised in integrated development of residential and commercial properties, the Group is one of the leading real estate developers in the PRC.

An analysis of the Group's revenue and operating results for the year by principal activities is set out in note 6 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income of the Group on page 100.

LAND BANK

For the year ended 31 December 2016, the Company acquired 154 land plots in total and increased its land bank by 47.73 million sq.m., with all projects located at tier 1, surrounding cities of tier 1 cities and core cities in the PRC. An expanded land bank in the main target regions of the Group is indispensable to the Group's future success in property development.

MERGERS AND ACQUISITIONS

The following sets forth the material acquisitions and disposals of subsidiaries, associates and joint ventures undertaken by the Group during the year ended 31 December 2016 up to the latest practicable date prior to the printing of this annual report:

(I) ACQUISITION OF 9.4% INTERESTS IN SHANGHAI HUAFENG REAL ESTATE DEVELOPMENT CO., LTD. ("SHANGHAI HUAFENG")

On 4 January 2016, in view of the proposed acquisition by Shanghai Pudong Development (Group) Company Limited ("Shanghai Pudong Development") a separate transaction of a 35% equity interests in Shanghai Huaxia Culture Tourism Development Co., Ltd. held by Shanghai Zhongfang Property Development Co., Ltd. ("Shanghai Zhongfang") which includes a 17.5% interests in Shanghai Huafeng, Shanghai Sunac Ruifeng Investment Co., Ltd. ("Shanghai Sunac Ruifeng"), an indirect wholly-owned subsidiary of the Company, and Shanghai Pudong Development entered into an agreement, pursuant to which (1) Shanghai Sunac Ruifeng acquired 9.4% interest in Shanghai Huafeng out of the aforesaid 17.5% interest at a consideration of RMB752,000,000 and entrust Shanghai Pudong Development to hold the corresponding equity interest on its behalf, and (2) the remaining 8.1% interest in Shanghai Huafeng out of the aforesaid 17.5% interest is owned by Shanghai Pudong Development. Upon completion of the acquisition, the Company indirectly held 57.9725% interest in Shanghai Huafeng. Please refer to the Company's announcement dated 4 January 2016 for details.

REPORT OF THE DIRECTORS

(II) ACQUISITION OF 95% EQUITY INTEREST IN SUZHOU XINYOU REAL ESTATE CO., LTD. (“SUZHOU XINYOU”)

On 13 January 2016, Shanghai Sunac Property Development Co., Ltd. (“Shanghai Sunac”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Jiangsu Youyi Hesheng Property Development Co., Ltd. (“Jiangsu Youyi”) for an aggregate consideration of RMB1,038,234,731, pursuant to which (i) Shanghai Sunac agreed to acquire and Jiangsu Youyi agreed to dispose of, 95% equity interests in Suzhou Xinyou, for a consideration of RMB183,652,145, and (ii) Shanghai Sunac agreed to repay on behalf of Suzhou Xinyou the entire outstanding shareholder’s loan in the amount of RMB854,582,586 owed by it to Jiangsu Youyi. Upon completion of the acquisition, Shanghai Sunac held 95% equity interests in Suzhou Xinyou with the remaining 5% equity interests in Suzhou Xinyou continued to be held by Jiangsu Youyi. Suzhou Xinyou thus became an indirect non-wholly owned subsidiary of the Company and its financial results have been consolidated into the financial results of the Group. Please refer to the Company’s announcement dated 13 January 2016 for details.

(III) FURTHER ACQUISITION OF 37.855% EQUITY INTERESTS AND DEBTS IN SHANGHAI FENG DAN LISHE REAL ESTATE DEVELOPMENT CO., LTD. (“SHANGHAI FENG DAN”)

On 15 January 2016, Shanghai Sunac Ruifeng, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with each of the respective vendors (namely, Beijing Fengdan Investment Management Co., Ltd., Shenzhen Zhongshan Yuhua Investment and Development Co., Ltd., Shenzhen Hua Shun Digital Technology Co., Ltd. and Shenzhen SZITIC Property Development Co., Ltd.) with respect to the acquisition of an aggregate of 37.855% equity interests and debts in Shanghai Fengdan for a total aggregate consideration of RMB1,324,925,000, comprising (i) RMB1,173,957,706 as the consideration for the equity interests and (ii) RMB150,967,294 as the outstanding shareholder’s loan owed by Shanghai Fengdan to the vendors. Upon completion of the acquisition, the indirect interests of the Company in Shanghai Huafeng increased from 57.9725% to 76.9%. Please refer to the Company’s announcement dated 15 January 2016 for details.

(IV) ACQUISITION OF THE ENTIRE EQUITY AND DEBT INTERESTS IN SUZHOU DER TAIHU BAY PROPERTIES CO., LTD. (“SUZHOU DER TAIHU BAY”) AND SUZHOU DER TAIHU TOWN REAL ESTATE CO., LTD. (“SUZHOU DER TAIHU TOWN”)

On 1 February 2016, Shanghai Sunac, an indirect wholly-owned subsidiary of the Company, entered into two agreements with Der Group Co., Ltd. (“Der Group”) and Mr. He Yonggang (together, the “Vendors”), pursuant to which, Shanghai Sunac acquired from the Vendors (i) the entire equity interest and debt of Suzhou Der Taihu Bay at a total consideration of RMB1,410,000,000 (after adjustment), of which the consideration for the equity interest was RMB724,459,419 (after adjustment) and the outstanding shareholder’s loan owed by Suzhou Der Taihu Bay to the Vendors was RMB685,540,581; and (ii) the entire equity interest and debt of Suzhou Der Taihu Town at a total consideration of RMB80,000,000, of which the consideration for the equity interest was RMB28,308,318 and the entire outstanding shareholder’s loan owed by Suzhou Der Taihu Town to the Vendors amounted to RMB51,691,682. Total consideration for the two transactions was RMB1,490,000,000 (after adjustment). Upon completion of the transactions, Suzhou Der Taihu Bay and Suzhou Der Taihu Town became subsidiaries of the Company.

(V) ACQUISITION OF 70% EQUITY AND DEBT INTERESTS IN ZHONGMU MEISHENG REAL ESTATE CO., LTD. (“ZHONGMU MEISHENG”)

On 25 February 2016, Tianjin Sunac Ao Cheng Investment Co., Ltd. (“Tianjin Sunac Ao Cheng”) (as Purchaser) and Sunac Real Estate Group Co., Ltd. (“Sunac Real Estate”) (as Purchaser’s Guarantor) entered into an equity acquisition agreement with Zhengzhou Meisheng Real Estate Co., Ltd. (“Zhengzhou Meisheng”) (as Vendor) and Henan Zhaoteng Investment Co., Ltd. (“Zhaoteng Investment”) (as Vendor’s Guarantor), pursuant to which the Group agreed to acquire 70% equity and debt interests of Zhongmu Meisheng from Zhengzhou Meisheng at a total consideration of RMB753,916,863.21, of which the consideration for the equity interest was RMB708,400,000, and the outstanding shareholder’s loan owing by Zhongmu Meisheng to Zhengzhou Meisheng was RMB45,516,863.21. Upon completion of the transaction, Zhongmu Meisheng became a subsidiary of the Company. Please refer to the Company’s announcement dated 25 February 2016 for details.

(VI) ESTABLISHMENT OF A JOINT VENTURE WITH SHANGHAI MOKE REAL ESTATE CO., LTD. (“SHANGHAI MOKE”) AND ACQUISITION OF TWO TARGET PROJECTS

On 18 March 2016, Shanghai Sunac, a wholly owned subsidiary of the Company, entered into a cooperation agreement with Shanghai Moke, pursuant to which, Shanghai Sunac and Shanghai Moke would cooperate in the development of two property projects (the “Target projects”) in Shanghai through a new jointly invested project company (the “Project company”). Shanghai Sunac and Shanghai Moke would initially hold 40% and 60% equity interests of the Project company respectively. The Project company would acquire the Target projects from Shanghai Moke at the total consideration of RMB4,031,684,300, which would be fully financed by Shanghai Sunac and Shanghai Moke on 80%:20% basis in the form of shareholders’ loans by two equal amount of payments, i.e. the total loan amount to be provided by Shanghai Sunac and Shanghai Moke would be RMB3,225,347,400 and RMB806,336,800 respectively. 50% of the consideration is to be made within five business days after entering into the cooperation agreement. Within two business days after (i) the expiry of the 270-day period after entering into the cooperation agreement or (ii) within 5 business days before the remaining Target projects have completed the transfer registration (whichever is earlier), the Project company will pay the remaining 50% consideration amount to Shanghai Moke and the Target projects will be transferred to the Project company. Then Shanghai Sunac will acquire an additional 40% equity interest of the Project company from Shanghai Moke at the consideration of RMB40,000,000 plus accrued interest, which is estimated to be not exceeding RMB72,570,317, being the interest accrued on the second shareholder’s loan in the amount of RMB1,612,673,700 payable by Shanghai Sunac and to be received by Shanghai Moke calculated at an interest rate of 6% per annum for the period commencing from the fifth business day after the date of the cooperation agreement until the day when Shanghai Sunac has fully paid the second shareholder’s loan. Based on the aforementioned, the total investment amount attributable to the Group would not exceed RMB3,337,917,717. Please refer to the Company’s announcement dated 20 March 2016 for details.

REPORT OF THE DIRECTORS

(VII) FRAMEWORK AGREEMENT AND SUPPLEMENTAL AGREEMENT WITH TOP SPRING INTERNATIONAL HOLDINGS LIMITED (“TOP SPRING”) IN RELATION TO THE ACQUISITION OF 100% EQUITY INTERESTS IN THE SEVEN TARGET COMPANIES (THE “TOP SPRING TARGET COMPANIES”)

On 19 May 2016, the Company entered into a framework agreement (the “Framework Agreement”) with Top Spring, pursuant to which (i) Top Spring (or its designated companies) conditionally agreed to sell, and the Company (or its designated companies) conditionally agreed to purchase, the entire equity interest in each of the Top Spring Target Companies (the “Sale Shares”); and (ii) the Company (or its designated companies) would settle the respective intercompany loans (the “Intercompany Loans”) owed by the Top Spring Target Companies and/or certain project companies (the “Project Companies”) to Top Spring and its subsidiaries (the “Top Spring Group”). Subject to adjustments, the aggregate value of the consideration for the Sale Shares (the “Consideration”) together with the Intercompany Loans was RMB4,394,070,000, comprising (i) the aggregate value of the Consideration in the amount of RMB3,386,830,000; and (ii) the aggregate value of the Intercompany Loans in the amount of RMB1,007,240,000. Out of the aggregate value of the Consideration and the Intercompany Loans, (i) RMB137,370,000 was payable to an independent third party which held 15% of the equity interest in Shanghai Huan Tang Culture Broadcasting Co., Ltd. (“Shanghai Huan Jian”); and (ii) RMB4,256,700,000 (equivalent to approximately HK\$5,065,473,000) will be payable to the Top Spring Group. The Consideration and the Intercompany Loans shall be payable and settled by the Company (or its designated companies) in cash (via bank transfer) by two instalments pursuant to the terms and conditions of the Framework Agreement. The Sale Shares represent the entire equity interest in each of (i) Jun Hong Da Information Consultancy (Shenzhen) Co. Ltd. (“Jun Hong Da”); (ii) Shanghai Huan Jian; (iii) Shanghai Li Te Man Real Estate Co., Ltd. (“Shanghai Li Te Man”); (iv) Nanjing Top Spring Metropolitan Property Development Co. Ltd. (“Nanjing Top Spring Metropolitan”); (v) Shenzhen Panye Technology Development Co., Ltd. (“Shenzhen Panye”); (vi) (“Hui Dong Lai Yang Tian”); (vii) Hui Dong Lai Hai Tian Property Co., Ltd. (“Hui Dong Lai Hai Tian”); and (viii) Top Spring Zhiye (Fuyang) Co., Ltd. (“Top Spring Zhiye Fuyang”). The Top Spring Target Companies, directly or indirectly, own the seven property projects (the “Property Projects”).

On 22 July 2016, the Company entered into a supplemental agreement (the “Supplemental Agreement 1”) with Top Spring, pursuant to which both parties agreed to amend the Framework Agreement by removing the Beijing Top Spring Shunze Flower Garden project as a target project of the transactions under the Framework Agreement and, therefore, (i) the sale and purchase of the entire equity interest in Jun Hong Da; and (ii) the settlement of the intercompany loans in relation to Jun Hong Da will be excluded from the Framework Agreement.

On 22 July 2016, upon completion of the due diligence on the Property Projects, the Top Spring Target Companies and the Project Companies, the Company and Top Spring entered into a supplemental agreement (the “Supplemental Agreement 2”, together with Supplemental Agreement 1, the “Supplemental Agreements”) to, among other things, adjust the Consideration and Intercompany Loans as set out in the Framework Agreement.

Pursuant to the Supplemental Agreements, (i) the Consideration as set out in the Framework Agreement was adjusted from RMB3,386,830,000 to RMB2,119,130,000; and (ii) the Intercompany Loans as set out in the Framework Agreement was adjusted from RMB1,007,240,000 to RMB2,106,100,000. The aggregate value of the consideration and intercompany loans as set out in the Framework Agreement was therefore be adjusted from RMB4,394,070,000 to RMB4,225,230,000.

Please refer to the Company’s announcements dated 19 May 2016 and 22 July 2016 for details.

(VIII) ACQUISITION OF 50% EQUITY AND DEBT INTERESTS IN HANGZHOU HEMING INVESTMENT CO., LTD., HANGZHOU RONGYUE INVESTMENT CO., LTD. AND ZHEJIANG YUECHENG INVESTMENT CO., LTD. (THE "TARGET COMPANIES")

On 22 August 2016, Hainan Sunac Properties Co., Ltd. ("Hainan Sunac"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer framework agreement with Hangzhou Jinhan Investment Co., Ltd. ("Hangzhou Jinhan"), pursuant to which Hainan Sunac agreed to acquire and Hangzhou Jinhan agreed to dispose of 50% equity and debt interests in each of the Target Companies, of which (i) the consideration for the equity interests was RMB1,954,717,510; and (ii) the relevant outstanding shareholder's borrowings owed by the Target Companies to Hangzhou Jinhan was RMB99,117,490. Therefore, the aggregate consideration for the acquisition was RMB2,053,835,000. Please refer to the Company's announcement dated 22 August 2016 for details.

(IX) ACQUISITION OF EQUITY AND DEBT INTERESTS IN CERTAIN TARGET COMPANIES ("RAYCOM TARGET COMPANIES") FROM LEGEND HOLDINGS LIMITED ("LEGEND HOLDINGS") AND/OR RAYCOM REAL ESTATE DEVELOPMENT CO., LTD. ("RAYCOM")

On 16 September 2016, Legend Holdings and/or Raycom (a subsidiary of Legend Holdings) as the sellers (the "Sellers") and Sunac Real Estate (a subsidiary of the Company) as the purchaser (the "Purchaser") entered into two framework agreements (the "Framework Agreements"), pursuant to which the Sellers conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the relevant equity interests and debts of 41 Raycom Target Companies which mainly own interests in 42 property projects. The total consideration of the transactions contemplated under the Framework Agreements (before any adjustments pursuant to the terms and conditions of the Framework Agreements) was approximately RMB13,788,430,000. Please refer to the Company's announcement dated 18 September 2016 and the Company's circular dated 16 November 2016 for details. Pursuant to the adjustment mechanisms in the Framework Agreements and consultation between the Purchaser and the Sellers, the number of Raycom Target Companies finally acquired by the Group was reduced from 41 to 35 and the number of property projects finally acquired by the Group through the Raycom Target Companies was reduced from 42 to 40, and the adjusted total consideration for the acquisitions was approximately RMB15,761,000,000.

(X) SUBSCRIPTION AND ACQUISITION OF SHARES IN JINKE PROPERTY GROUP CO., LTD. ("JINKE PROPERTY")

On 21 September 2016, Tianjin Jujin Property Management Ltd. ("Jujin Property"), which is an indirect wholly-owned subsidiary of the Company, received confirmation from Jinke Property (a company listed on the Shenzhen Stock Exchange with stock code 000656) and its underwriters that the application by Jujin Property for shares in the share capital of Jinke Property ("Jinke Shares") in relation to the private share placement of Jinke Property was accepted in respect of 907,029,478 Jinke Shares, representing approximately 16.96% of the total issued shares of Jinke Property as enlarged by the private share placement, at a subscription price of RMB4.41 per Jinke Share (the "Subscription"). The total consideration paid by Jujin Property for the Subscription was RMB3,999,999,997.98.

During the period from 11 November 2016 to 24 January 2017, the Group further acquired an aggregate of 329,862,211 Jinke Shares at the open market (the "Acquisition"), representing approximately 6.17% of the total issued shares of Jinke Property as at 24 January 2017, at the total consideration of approximately RMB1,723,421,192.05. After the Acquisition and taking into account the Subscription, the Company indirectly held a total of 1,236,891,689 Jinke Shares, representing approximately 23.15% of the total issued shares of Jinke Property as at 24 January 2017. The total consideration paid by the Group for such Jinke Shares amounted to approximately RMB5,723,421,190.03.

Please refer to the Company's announcements dated 21 September 2016 and 24 January 2017 for details.

REPORT OF THE DIRECTORS

(XI) ACQUISITION OF THE ENTIRE EQUITY INTEREST IN QINGDAO CALXON REAL ESTATE DEVELOPMENT COMPANY LIMITED (“QINGDAO CALXON”)

Sunac (Qingdao) Real Estate Company Limited (“Qingdao Sunac”), an indirect wholly-owned subsidiary of the Company, as the purchaser, succeeded in the bid for the entire equity interest in Qingdao Calxon through the Zhejiang Asset and Equity Exchange Company Limited. On 29 November 2016, Qingdao Sunac entered into an equity transfer agreement (the “Equity Transfer Agreement”) with Calxon Group (Shanghai) Limited Company (“Calxon Group”) pursuant to which Qingdao Sunac agreed to acquire, and Calxon Group agreed to sell, the entire equity interest in Qingdao Calxon at a consideration of RMB3,662,000,000. In connection with the Equity Transfer Agreement, Beijing Sunac Property Construction and Investment Limited, an indirect wholly-owned subsidiary of the Company, provided guarantee in favour of Calxon Group in respect of the shareholder loans owed by Qingdao Calxon to Calxon Group and its related parties (the “Calxon Group Related Parties”) in the amount of RMB 2,347,153,200, and a counter guarantee in favour of the Calxon Group Related Parties in respect of the loans owed by Qingdao Calxon to certain lenders in the principal amount of RMB1,850,000,000. Please refer to the Company’s announcement dated 29 November 2016 for details.

(XII) ACQUISITION OF 17.34% EQUITY AND DEBT INTEREST IN HANGZHOU JINHONG PROPERTIES CO., LTD. (“HANGZHOU JINHONG”) AND HANGZHOU JINHE INVESTMENT CO., LTD. (“HANGZHOU JINHE”), AND 34% EQUITY AND DEBT INTEREST IN HANGZHOU DUCHENG PROPERTIES CO., LTD. (“HANGZHOU DUCHENG”)

On 20 December 2016, Hangzhou Rongxinheng Investment Co., Ltd. (“Hangzhou Rongxinheng”), an indirect wholly-owned subsidiary of the Company, as purchaser, entered into (1) the First Framework Agreement with Hangzhou Jinhan Investment Co., Ltd. (“Hangzhou Jinhan”), as vendor; (2) the Second Framework Agreement with Hangzhou Jinhe, as vendor; and (3) the Third Framework Agreement with Jincheng Real Estate Group Co., Ltd. (“Jincheng Real Estate”) and Hangzhou Jinhan as vendors, respectively, pursuant to which:

- (1) Hangzhou Rongxinheng agreed to acquire and Hangzhou Jinhan agreed to dispose of 17.34% equity and debt interests in Hangzhou, of which (i) the consideration for the equity interests was RMB356,610,000; and (ii) the shareholder’s loan owed by Hangzhou Jinhong to Hangzhou Jinhan was RMB74,639,666.29, and the accrued interest was RMB 4,481,532.42 as at 31 October 2016 (together with other accrued outstanding interest as at the actual date of payment). Therefore, the aggregate consideration for the First Acquisition under the First Framework Agreement was RMB435,731,198.71;
- (2) Hangzhou Rongxinheng agreed to acquire and Hangzhou Jinhan agreed to dispose of 17.34% equity and debt interests in Hangzhou Jinhe, of which (i) the consideration for the equity interests was RMB96,860,000; and (ii) the shareholder’s loan owed by Hangzhou Jinhe to Hangzhou Jinhan was RMB48,904,226.5, and the accrued interest was RMB 2,849,296.42 as at 31 October 2016 (together with other accrued outstanding interest as at the actual date of payment). Therefore, the aggregate consideration for the Second Acquisition under the Second Framework Agreement was RMB148,613,522.92; and

- (3) Hangzhou Rongxinheng agreed to acquire and Jincheng Real Estate and Hangzhou Jinhan as vendors agreed to dispose of: (i) 10% equity and debt interests in Hangzhou Ducheng held by Jincheng Real Estate, of which (a) the consideration for the equity interests was RMB61,530,000; (b) the shareholder's loan owed by Hangzhou Ducheng to Jincheng Real Estate was RMB13,629,902.78, and the accrued interest was RMB5,522,017.96 as at 31 October 2016 (together with other accrued outstanding interest as at the actual date of payment); and (ii) 24% equity and debt interests in Hangzhou Ducheng held by Hangzhou Jinhan, of which (a) the consideration for the equity interests was RMB147,660,000; (b) the shareholder's loan owed by Hangzhou Ducheng to Hangzhou Jinhan was RMB32,711,766.67, and the accrued interest was RMB13,252,843.1 as at 31 October 2016 (together with other accrued outstanding interest as at the actual date of payment). Therefore, the aggregate consideration for the Third Acquisition under the Third Framework Agreement was RMB274,306,530.51.

Please refer to the Company's announcement dated 20 December 2016 for details.

(XIII) ACQUISITION OF THE EQUITY AND DEBT INTEREST IN CHENGDU ZIXI COMMERCIAL MANAGEMENT CO., LTD. ("CHENGDU ZIXI") AND CHENGDU SHUNYU PROPERTIES CO., LTD. ("CHENGDU SHUNYU")

On 6 January 2017, Chengdu Rongchuang Hongchang Properties Development Co., Ltd. ("Chengdu Rongchuang"), an indirect wholly-owned subsidiary of the Company, as Purchaser, entered into (1) the First Equity Transfer Agreement with Huoerguosi Chenghui Tantu Investment Co., Ltd., Huoerguosi Bochen Investment Co., Ltd. and Huoerguosi Kaige Investment Co., Ltd. ("the First Vendors"); and (2) the Second Equity Transfer Agreement with Xiao Miaomiao and Xiao Yongqiong ("the Second Vendors") and Chengdu Zixi, respectively, pursuant to which: (1) Chengdu Rongchuang agreed to acquire and the First Vendors agreed to dispose of the entire equity interest in Chengdu Zixi for a total consideration of RMB1,352,584,598.19; and (2) Chengdu Rongchuang agreed to acquire and the Second Vendors agreed to dispose of 10% equity interest in Chengdu Shunyu, of which (i) the consideration for the equity interest was RMB150,287,177.58; and (ii) a shareholder's loan in the amount of RMB7,079,768.74 was owed to one of the Second Vendors by Chengdu Shunyu. Therefore, the aggregate consideration for the Second Acquisition was RMB157,366,946.32. Hence, the total consideration for the Acquisitions is RMB1,509,951,544.51. Please refer to the Company's announcement dated 8 January 2017 for details.

(XIV) SUBSCRIPTION OF INCREASED REGISTERED CAPITAL IN HOMELINK REAL ESTATE AGENCY CO., LTD. ("HOMELINK")

On 9 January 2017, Sunac Real Estate, an indirect wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with Homelink and certain shareholders of Homelink, pursuant to which the parties thereto agreed that Sunac Real Estate (or its designated affiliate) will obtain 6.25% equity interest of Homelink by way of the Capital Increase at the consideration of RMB2,600,000,000. Please refer to the Company's announcement dated 9 January 2017 for details.

REPORT OF THE DIRECTORS

(XV) INVESTMENT IN SHARES (THE “LESHI TARGET SHARES”) OF LESH I INTERNET INFORMATION & TECHNOLOGY CORP (BEIJING) (“LESHI INTERNET”), LE VISION PICTIRES (BEIJING) CO. LTD. (“LESHI PICTURES”) AND LESH I ZHIXIN ELECTRONIC TECHNOLOGY (TIANJIN) LIMITED (“LESHI ZHIXIN”) (COLLECTIVELY, THE “LESHI TARGET COMPANIES”)

On 13 January 2017, (i) Tianjin Jiarui Huixin Corporate Management Co., Ltd. (“Tianjin Jiarui”) entered into a sale and purchase agreement (the “Leshi Internet SP Agreement”) with Mr. Jia Yueting (“Mr. Jia”, the founder of the Leshi Target Companies) pursuant to which Mr. Jia conditionally agreed to sell, and Tianjin Jiarui (or its designees) conditionally agreed to acquire, 8.61% equity interest in Leshi Internet at a consideration of RMB6,041,466,076.73; (ii) Tianjin Jiarui entered into a sale and purchase agreement (the “Leshi Pictures SP Agreement”) with Leshi Holding (Beijing) Co., Ltd. (“Leshi Holding”) and Mr. Jia pursuant to which Leshi Holding conditionally agreed to sell, and Tianjin Jiarui (or its designees) conditionally agreed to acquire, 15% equity interest in Leshi Pictures at a consideration of RMB1,050,000,000; (iii) Tianjin Jiarui entered into two sale and purchase agreements (the “Leshi Zhixin SP Agreements”) and a capital increase agreement in respect of Leshi Zhixin (the “Leshi Zhixin Capital Increase Agreement”) with Leshi Internet, Xinle Asset Management (Tianjin) Partnership (Limited Partnership) (“Xinle Asset”), Mr. Jia and Leshi Zhixin pursuant to which Tianjin Jiarui (or its designees) conditionally agreed to acquire in aggregate 33.4959% equity interest in Leshi Zhixin upon completion of the capital increase at a consideration of RMB7,950,000,000. On 10 January 2017, Sunac Real Estate, an indirect wholly-owned subsidiary of the Company, entered into certain contractual arrangements with Tianjin Yingrui and/or Tianjin Jiarui and/or the registered shareholders of Tianjin Yingrui (namely, Mr. Wang Peng and Mr. Zheng Pu) pursuant to which Sunac Real Estate shall beneficially own the Leshi Target Shares to be acquired by Tianjin Jiarui under the Leshi Internet SP Agreement, the Leshi Pictures SP Agreement, the Leshi Zhixin SP Agreements and the Leshi Zhixin Capital Increase Agreement and the economic interest thereof. Please refer to the Company’s announcement dated 13 January 2017 for details.

(XVI) ACQUISITION OF EQUITY AND DEBT INTERESTS IN BEIJING RONGZHI RUIFENG INVESTMENT COMPANY LIMITED (“BEIJING RONGZHI RUIFENG”) AND CHENGDU LIANCHUANG RONGJIN INVESTMENT LIMIED (“CHENGDU LIANCHUANG RONGJIN”)

On 1 March 2017, Beijing Sunac Raycom Real Estate Company Limited (“Beijing Sunac”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Tianjin Bolian Investment Partnership Enterprise (Limited Partnership) (“Tianjin Bolian”) and another equity transfer agreement with Lenovo (Beijing) Limited (“Lenovo Beijing”), pursuant to which (i) Beijing Sunac agreed to acquire 30% equity and debt interest in Beijing Rongzhi Ruifeng from Tianjin Bolian at a total consideration of approximately RMB686,812,439.55 and (ii) Beijing Sunac agreed to acquire 49% equity interest in Chengdu Lianchuang Rongjin from Lenovo Beijing at a total consideration of RMB1,617,330,459.59. Upon completion of the acquisitions, Beijing Rongzhi Ruifeng and Chengdu Lianchuang Rongjin will become indirect wholly-owned subsidiaries of the Company. Please refer to the Company’s announcement dated 1 March 2017 for details.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 7 to the consolidated financial statements of the Group.

BORROWINGS

Details of borrowings are set out in note 24 to the consolidated financial statements of the Group.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

As at 31 December 2016, the distributable reserve of the Company amounted to approximately RMB1,452,147,000.

FINANCIAL SUMMARY

A financial summary of the Group is set out on page 4 of this annual report.

FINAL DIVIDEND

The Board proposed to declare a final dividend of RMB0.257 per share in cash, approximately RMB991 million in aggregate, for the year ended 31 December 2016, which is expected to be paid on or about 14 July 2017 to shareholders whose names appear on the register of members of the Company as at 31 May 2017, subject to shareholders' approval at the forthcoming annual general meeting of the Company expected to be held on 22 May 2017 (the "AGM"). The proposed final dividend will be paid in Hong Kong dollars, such amount to be calculated by reference to the central parity rate published by the People's Bank of China for the conversion of RMB to Hong Kong dollars as at 22 May 2017.

There is no arrangement that a Shareholder of the Company has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 17 May 2017 to Monday, 22 May 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, 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 pm on Tuesday, 16 May 2017.

For the purpose of determining the shareholders' entitlement to the final dividend, the register of members of the Company will also be closed from Friday, 26 May 2017 to Wednesday, 31 May 2017 (both days inclusive), during which period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted on at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, 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 pm on Thursday, 25 May 2017.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, revenue attributable to the largest customer of the Group amounted to approximately 0.31% of the total revenue in the year and the five largest customers of the Group accounted for 1.02% of the Group's total revenue in the year.

For the year ended 31 December 2016, purchases attributable to the largest supplier of the Group amounted to approximately 4.44% of the total purchases in the year and the five largest suppliers of the Group accounted for 17.33% of the Group's total purchases in the year.

So far as the Board is aware, neither the Directors, their respective close associates nor any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

REPORT OF THE DIRECTORS

EQUITY LINKED AGREEMENTS

Save for the Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme and New Share Option Scheme as set out under the section “Share Option Scheme”, for the year ended 31 December 2016, the Company did not enter into any equity linked agreements.

BONDS ISSUED DURING THE YEAR

Details of the issuance of bonds by the Company for the year are set out in note 24 to the consolidated financial statements of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

Details of movements during the year in the share capital of the Company are set out in note 19 to the consolidated financial statements.

DIRECTORS AND DIRECTORS’ SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this report are:

EXECUTIVE DIRECTORS

Mr. SUN Hongbin (*Chairman*)

Mr. WANG Mengde (*Chief Executive Officer*)

Mr. JING Hong

Mr. CHI Xun

Mr. TIAN Qiang (appointed as Executive Director on 24 November 2016)

Mr. SHANG Yu

Mr. HUANG Shupin (appointed as Executive Director on 24 November 2016)

Mr. LI Shaozhong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. POON Chiu Kwok

Mr. ZHU Jia (re-designated from Non-Executive Director to Independent Non-Executive Director with effect from 24 November 2016)

Mr. LI Qin

Mr. MA Lishan

Mr. TSE Chi Wai

The biographical details of the Directors and senior management are set out under the section “Biographies of Directors and Senior Management” of this report.

Pursuant to article 83(3) of the articles of association of the Company, Mr. Tian Qiang and Mr. Huang Shuping shall hold office until the AGM and shall then be eligible for re-election. Each of Mr. Tian Qiang and Mr. Huang Shuping have offered themselves for re-election at the AGM.

REPORT OF THE DIRECTORS

In accordance with articles 84(1) and 84(2) of the articles of association of the Company, Mr. Sun Hongbin, Mr. Wang Mengde, Mr. Jing Hong and Mr. Li Shaozhong shall retire by rotation at the AGM. Mr. Sun Hongbin, Mr. Wang Mengde and Mr. Jing Hong, being eligible, will offer themselves for re-election as Directors at the AGM. Mr. Li Shaozhong has informed the Company that he will not offer himself for re-election and will retire as an executive Director. As he intends to devote more time to perform his duty as the executive president of Guangzhou-Shenzhen region branch, he will retire from executive Director but remain the executive president of the Group and the executive general manager of Guangzhou-Shenzhen region branch with effect from the close of the AGM.

PARTICULARS OF DIRECTORS' SERVICE CONTRACTS

EXECUTIVE DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Either party has the right to give not less than three months' written notice to terminate the contract.

Each of the executive Directors is entitled to a salary and bonus payment, allowance and benefits-in-kind, at the discretion of the Board, and social and welfare benefits provided under the relevant PRC laws and regulations. The aggregate amount of annual salary of the eight executive Directors is RMB22,186,000.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of two years. The aggregate amount of annual fees payable to five independent non-executive Directors under the appointment letters is HK\$1,200,000.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers that each of the independent non-executive Directors, namely Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai to be independent.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2016 are set out in note 45(a) to the consolidated financial statements of the Group.

None of the Director waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2016.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as those transactions disclosed in the note of "Related party transactions" to the consolidated financial statements of this Annual Report, no transactions, arrangements or contracts of significance in relation to the Company's business to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2016, none of the Directors of the Company are considered to be interested in any businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

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 subsisted during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Schemes", at no time during the year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS AND DIRECTORS

Mr. Sun Hongbin ("Mr. Sun") and Sunac International Investment Holdings Ltd. ("Sunac International") (the "Covenantors") entered into a non-competition deed (the "Deed") dated 9 September 2010 in favor of the Company, pursuant to which each of the Covenantors undertook to the Company (for its own and on behalf of all members of the Group) that he or it may not, and shall use his or its best endeavors to procure that his or its associates will not, directly or indirectly, hold any interest, or be engaged or otherwise involved, whether for profit, reward or otherwise, in any business (the "Restricted Activity") which is in competition with, or is likely to be in competition with, the business carried on by the Group from time to time (the "Business") whether as a shareholder, director, officer, partner, agent, lender, employee, consultant or otherwise, or take any action which interferes with or disrupts, or may interfere with or disrupt, the Business, including, but not limited to, solicitation of any of the customers, suppliers or employees of any member of the Group provided that there shall be no restriction on any of the Covenantors and/or his or its associates holding not more than a 5.26% interest in Sunco Property Holdings Company Limited or a 100% equity interest in APEV Property Management ("APEV Interest") or any shares or other securities in any company which conducts or is engaged in any Restricted Activity (the "Subject Company") if such shares or securities are listed on a stock exchange and the total number of shares held by the Covenantors and/or his or its associates in aggregate does not exceed 5% of the issued share capital of the Subject Company and:

- (i) there is a holder (together, where appropriate, with its associates) holding a larger shareholding in the Subject Company than the aggregate shareholding held by the relevant Covenantors and/or his or its associates at all times; and
- (ii) the total number of the relevant Covenantors' representatives on the board of directors of the Subject Company is not significantly disproportionate in relation to his or its shareholding in the Subject Company.

The Covenantors further undertake:

- (a) not to appoint directly or indirectly any executive director in the Subject Company; and
- (b) that if Mr. Sun (through Tianjin Ying Xin Xin Heng Investment Consultancy Limited) decides to dispose of the APEV Interest or if he, it, and/or his or its associates receive any business investment or other business opportunities in relation to the Business (each a “Business Opportunity”), each shall refer any of such Business Opportunities to the Company first on a timely basis, subject to all applicable laws and regulations, and shall give written notice to the Company of the Business Opportunity within seven days for identifying the target company (if relevant) and the nature of the Business Opportunity, the investment or acquisition costs and understanding the details of all information reasonably necessary for the Company to consider whether to pursue the Business Opportunity.

The Deed shall terminate on the earliest of the date on which (i) the Covenantors and/or his or its associates shall cease to hold in aggregate 30 percent. or more of the entire issued share capital of the Company or otherwise cease to be our controlling shareholder; or (ii) the Shares shall cease to be listed and traded on the Stock Exchange (except for suspension of trading of the Shares on the Stock Exchange due to any reason).

Our independent non-executive Directors have reviewed, for the year ended 31 December 2016, the compliance by the Covenantors with their non-competition undertakings and, in particular, the right of first refusal in relation to the Business Opportunity as provided under the Deed. In this connection, the Covenantors have provided all necessary data, including without limitation, details of any proposed investment constituting the Business Opportunity, to the independent non-executive Directors for their review.

Each Covenantor has undertaken to provide all data necessary for (i) the annual review by the independent non-executive Directors in respect of his or its compliance with the Deed; and (ii) the enforcement of the Deed. Each Covenantor has made an annual declaration on compliance with the Deed for disclosure in this annual report.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2016, certain Directors and their close family members, and companies controlled by certain Directors and/or their close family members entered into transactions with the Group which are disclosed in the note of “Related party transactions” to the consolidated financial statements of the Group. None of these related party transactions constitute as a discloseable connected transaction for the Company under Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTION

During the year ended 31 December 2016, the Group entered into the following transaction with its connected person which constituted a connected transaction for the Company under the Listing Rules, details of which are disclosed as follow:

On 26 September 2016, after trading hours, the Company and Sunac International Investment Holdings Ltd. (the “Subscriber”) (being the controlling shareholder of the Company which is solely and beneficially owned by Mr. Sun Hongbin, the chairman of the Board and an executive Director of the Company) entered into a subscription agreement (the “Subscription Agreement”), pursuant to which the Company allotted and issued, and the Subscriber subscribed for, 453,074,433 ordinary shares of HK\$0.1 each in the share capital of the Company (the “Subscription Shares”) at the subscription price of HK\$6.18 per Subscription Share (the “Subscription Price”). The Subscription Shares, having an aggregate nominal value of HK\$45,307,443.30, represented: (i) approximately 13.31% of the existing total issued share capital of the Company as at the date of the Subscription Agreement; and (ii) approximately 11.75% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares upon completion of the subscription on 9 November 2016. The Subscription Price of HK\$6.18 per Subscription Share represented a premium of approximately 6.55% over the closing price of HK\$5.8 per Share as quoted on the Stock Exchange on 26 September 2016, being the date of the Subscription Agreement. The net price per Subscription Share was approximately HK\$6.17. The subscription was conducted as the Board considered that it would be beneficial to the Company to expand its working capital, increase its shareholders’ equity base, thereby achieve optimization of its capital structure and improve its ability to resist risks, which would support the healthy and sustained development of the Company.

The net proceeds from the subscription was approximately HK\$2,795 million which have been utilised for repayment of offshore debts and as general working capital of the Company.

For further details, please refer to the announcements of the Company dated 26 September 2016 and 9 November 2016 and the circular of the Company dated 17 October 2016.

SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Share Option Scheme (the “Pre-IPO Share Option Scheme”) on 9 September 2010. No share option can be offered or granted under the Pre-IPO Share Option Scheme upon the completion of the global offering of the Company, and no share option remained outstanding and exercisable under the Pre-IPO Share Option Scheme as at 31 December 2016.

The Company adopted the Post-IPO Share Option Scheme (the “Post-IPO Share Option Scheme”) on 29 April 2011, which was subsequently amended, with such amendments being approved and adopted on 17 March 2014.

Moreover, the Company has also adopted a new Share Option Scheme (“New Share Option Scheme”) on 19 May 2014.

POST-IPO SHARE OPTION SCHEME

The Post-IPO Share Option Scheme was approved and adopted by the shareholders of the Company at the annual general meeting held on 29 April 2011 (the "Post-IPO Share Option Scheme Adoption Date").

The purpose of the Post-IPO Share Option Scheme is to provide an incentive for the employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of all its shareholders and to attract and retain high caliber working partners whose are or may be beneficial to the growth and development of the Group. At the extraordinary general meeting of the Company held on 17 March 2014, amendments to the Post-IPO Share Option Scheme were approved and adopted by the shareholders of the Company. Details of the amendments are set forth in the Company's circular dated 28 February 2014.

The amended principal terms and conditions of the Post-IPO Share Option Scheme are set out as follows:

- (a) the maximum number of shares in respect of the share options that may be granted (the "Post-IPO Share Options") shall not exceed 99,900,000 shares, or 3.33% of the total issued shares as at the Post-IPO Share Option Scheme Adoption Date;
- (b) the total number of shares issued or to be issued upon exercise of the Post-IPO Share Options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the total shares in issue, except subject to shareholders' approval;
- (c) the Post-IPO Share Option Scheme shall be effective and valid for six years since the Post-IPO Share Option Scheme Adoption Date, unless it is early terminated by any resolution that the Board may make;
- (d) the Post-IPO Share Options shall be granted in accordance with the following schedule:

Grant Period	Percentage of the total issued shares as at the Post-IPO Share Option Scheme Approval Date (e.g. 3,000,000,000 shares, the "Total Issued Shares")
The year commencing from the Post-IPO Share Option Scheme Adoption Date ("The 1st Grant Period")	1.33%;
The year commencing from the 1st anniversary of the Post-IPO Share Option Scheme Adoption Date ("The 2nd Grant Period")	1% of the total issued shares plus the Share Options not granted during the 1st Grant Period;
The year commencing from the 2nd anniversary of the Post-IPO Share Option Scheme Adoption Date ("The 3rd Grant Period")	1% of the total issued shares plus the Share Options not granted during the 1st Grant Period and the 2nd Grant Period;

- (e) the subscription prices are subject to the absolute discretion of the Board which, however, shall not be lower than the highest of (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of offer of the Post-IPO Share Options ("Post-IPO Share Options Offer Date"); (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Post-IPO Share Options Offer Date; and (iii) the nominal value of the Shares;

REPORT OF THE DIRECTORS

(f) the Post-IPO Share Options granted to each grantee shall vest in accordance with the following schedule:

Vesting Date	Percentage of the Share Options vested/ to be vested on the Vesting Date
(1) The Share Options granted during the 1st Grant Period	
Grant Date	30%
Upon the first anniversary date of the commencement date of the 1st Grant Period	An additional 30% (i.e. up to 60% in total)
Upon the second anniversary date of the commencement date of the 1st Grant Period	An additional 40% (i.e. up to 100% in total)
(2) The Share Options granted during the 2nd Grant Period	
Grant Date	30%
Upon the first anniversary date of the commencement date of the 2nd Grant Period	An additional 30% (i.e. up to 60% in total)
Upon the second anniversary date of the commencement date of the 2nd Grant Period	An additional 40% (i.e. up to 100% in total)
(3) The Share Options granted during the 3rd Grant Period	
Grant Date	30%
Upon the first anniversary date of the commencement date of the 3rd Grant Period	An additional 30% (i.e. up to 60% in total)
Upon the second anniversary date of the commencement date of the 3rd Grant Period	An additional 40% (i.e. up to 100% in total)

The Post-IPO Share Options, once vested, shall be exercisable within a period commencing on the relevant Post-IPO Share Options Offer Date and ending six years from the commencement date of the relevant Grand Period during which the Post-IPO Share Options were granted.

A Post-IPO Share Option shall be personal to the grantee and shall not be transferable or assignable, and no grantee shall in any way sell, transfer, charge, mortgage any Post-IPO Share Option to any third party, or create any encumbrance or interest in favour of any third party over or in relation to any Post-IPO Share Option (except that the grantee may nominate a nominee, of which the grantee is the sole beneficial owner, in whose name the Shares to be issued pursuant to such Post-IPO Share Options will be registered). Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding Post-IPO Share Options of such grantee or any part thereof to the extent not already exercised.

On 30 September 2011, the Company granted an aggregate of 39,900,000 Post-IPO Share Options under the Post-IPO Share Option Scheme at an exercise price of HK\$1.484 per share. The closing price of the Shares immediately before the date of grant was HK\$1.44 per Share.

On 21 May 2012, the Company granted an aggregate of 29,100,000 Post-IPO Share Options under the Post-IPO Share Option Scheme at an exercise price of HK\$2.33 per share. The closing price of the Shares immediately before the date of grant was HK\$2.22 per share.

On 2 May 2013, the Company granted an aggregate of 30,900,000 Post-IPO Share Options under the Post-IPO Share Option Scheme at an exercise price of HK\$6.32 per share. The closing price of the Shares immediately before the date of grant was HK\$6.26 per share.

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Within five business days from the relevant Post-IPO Share Options Offer Date, each grantee paid to the Company HK\$1.00 (or its equivalent in RMB) as consideration upon acceptance of the Post-IPO Share Options pursuant to the Post-IPO Share Option Scheme.

For the year ended 31 December 2016, changes in Post-IPO Share Options granted under the Post-IPO Share Option Scheme were as follows:

Name of Grantee	Number of Share Options granted on 30 September 2011 (Note 1)	Number of Share Options granted on 21 May 2012 (Note 2)	Number of Share Options granted on 2 May 2013 (Note 3)	Number of outstanding Share Options as at 1 January 2016	Number of Share Options exercised for the year ended 31 December 2016	Number of Share Options cancelled for the year ended 31 December 2016	Number of Share Options lapsed for the year ended 31 December 2016	Number of outstanding Share Options as at 31 December 2016
Directors								
Mr. Sun Hongbin*	2,600,000	400,000	—	—	—	—	—	—
Mr. Wang Mengde	2,300,000	1,300,000	1,600,000	5,200,000	—	—	—	5,200,000
Mr. Jing Hong	2,600,000	1,200,000	1,300,000	4,650,000	—	—	—	4,650,000
Mr. Chi Xun	2,600,000	1,200,000	1,300,000	4,900,000	—	—	—	4,900,000
Mr. Tian Qiang	—	1,200,000	1,300,000	2,500,000	—	—	—	2,500,000
Mr. Shang Yu	2,300,000	1,200,000	1,300,000	3,650,000	—	—	—	3,650,000
Mr. Huang Shuping	2,100,000	770,000	950,000	950,000	—	—	—	950,000
Mr. Li Shaozhong	2,300,000	1,200,000	1,300,000	4,800,000	—	—	—	4,800,000
Senior management and employees	23,100,000	20,630,000	21,850,000	23,331,330	3,009,000	—	140,000	20,182,330
Total	39,900,000	29,100,000	30,900,000	49,981,330	3,009,000	—	140,000	46,832,330

* Mr. Sun Hongbin is also a substantial shareholder of the Company.

Notes:

- The exercise period of these Post-IPO Share Options is from 30 September 2011 to 28 April 2017. These Post-IPO Share Options were vested in accordance with the following vesting dates: (i) 30% of the Post-IPO Share Options were vested on the date of grant (i.e. 30 September 2011); (ii) another 30% of the Post-IPO Share Options were vested on 29 April 2012; and (iii) the remaining 40% of the Post-IPO Share Options were vested on 29 April 2013. The closing price of the Shares immediately before the date of grant of these Post-IPO Share Options was HK\$1.44 per Share.
- The exercise period of these Post-IPO Share Options is from 21 May 2012 to 28 April 2018. These Post-IPO Share Options were vested in accordance with the following vesting dates: (i) 30% of the Post-IPO Share Options were vested on the date of grant (i.e. 21 May 2012); (ii) another 30% of the Post-IPO Share Options were vested on 29 April 2013; and (iii) the remaining 40% of the Post-IPO Share Options were vested on 29 April 2014. The closing price of the Shares immediately before the date of grant of these Post-IPO Share Options was HK\$2.22 per Share.
- The exercise period of these Post-IPO Share Options is from 2 May 2013 to 28 April 2019. These Post-IPO Share Options were vested in accordance with the following vesting dates: (i) 30% of the Post-IPO Share Options were vested on the date of grant (i.e. 2 May 2013); (ii) another 30% of the Post-IPO Share Options were vested on 29 April 2014; and (iii) the remaining 40% of the Post-IPO Share Options were vested on 29 April 2015. The closing price of the Shares immediately before the date of grant of these Post-IPO Share Options was HK\$6.26 per share.

As at 31 December 2016, the total number of Shares issuable upon exercise of the outstanding Post-IPO Share Options was 46,832,330 Shares, representing approximately 1.21% of the total number of issued Shares as at that date.

For the year ended 31 December 2016, senior management and employees of the Company exercised a total of 1,949,000 Share Options granted on 30 September 2011 pursuant to the Post-IPO Share Option Scheme at the exercise price of HK\$1.484 per share. The weighted average closing price of the Shares immediately before the exercise date was HK\$5.03 per share.

REPORT OF THE DIRECTORS

For the year ended 31 December 2016, senior management and employees of the Company exercised a total of 1,020,000 Share Options granted on 21 May 2012 pursuant to the Post-IPO Share Option Scheme at the exercise price of HK\$2.33 per share. The weighted average closing price of the Shares immediately before the exercise date was HK\$5.06 per share.

For the year ended 31 December 2016, senior management and employees of the Company exercised a total of 40,000 Share Options granted on 2 May 2013 pursuant to the Post-IPO Share Option Scheme at the exercise price of HK\$6.32 per share. The weighted average closing price of the Shares immediately before the exercise date was HK\$6.65 per share.

Except for the Directors listed in the table above, none of the grantees under the Post-IPO Share Option Scheme is a connected person of the Group.

NEW SHARE OPTION SCHEME

The New Share Option Scheme was approved and adopted by the shareholders of the Company at the annual general meeting held on 19 May 2014 (the "New Share Option Scheme Adoption Date").

The purpose of the New Share Option Scheme was to enable the Company to provide an incentive for the Directors, management and the employees of the Group to work with commitment towards enhancing the value of the Company and its Shares for the benefit of the shareholders of the Company and to attract and retain high caliber working partners whose contribution are or may be beneficial to the growth and development of the Group. The principal terms and conditions of the New Share Option Scheme are set out as follows:

- (a) the maximum number of Shares in respect of the share options that may be granted (the "New Share Options") shall not exceed 166,374,246 Shares, or 5% of the total issued Shares as at the New Share Option Scheme Adoption Date;
- (b) The total number of Shares issued or to be issued upon exercise of the New Share Options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the total Shares in issue, except with shareholders' approval;
- (c) the New Share Option Scheme shall be effective and valid for a period of five years from the New Share Option Scheme Adoption Date, unless it is early terminated by any resolution of the Board or the shareholders in general meeting;
- (d) the subscription prices may be determined by the Board at its absolute discretion but shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of offer of any New Share Options (the "New Share Options Offer Date"); (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the New Share Options Offer Date; and (iii) the nominal value of the Shares;
- (e) the New Share Options that are or may be granted to grantees shall be vested and exercisable in accordance with the following schedule:
 - 30% of the New Share Options may be exercisable from the New Share Options Offer Date;
 - additional 30% of the New Share Options (i.e. up to 60% in total) may be exercisable from the first anniversary date of the New Share Options Offer Date; and
 - an additional 40% of the New Share Options (i.e. up to 100% in total) may be exercisable from the second anniversary date of the New Share Options Offer Date;

REPORT OF THE DIRECTORS

New Share Options, once vested, shall be exercised within a period of five years from the New Share Options Offer Date.

New Share Options shall be personal to the grantee and shall not be transferable or assignable, and no grantee shall in any way sell, transfer, charge, mortgage any New Share Options to any third party, or create any encumbrance or interest in favour of any third party over or in relation to any New Share Options (except that the grantee may appoint a nominee, of which the grantee is the sole beneficial owner, in whose name the Shares to be issued pursuant to such New Share Option will be registered). Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding New Share Options of such grantee or any part thereof to the extent not already exercised.

On 5 June 2014, the Company has granted a total of 33,267,000 New Share Options under the New Share Option Scheme, at an exercise price of HK\$4.07 per share. The closing price of the Shares immediately before the date of grant was HK\$3.96 per share.

On 9 July 2015, the Company granted a total 33,267,000 New Share Options under the New Share Option Scheme, at an exercise price of HK\$7.27 per share. The closing price of the Shares immediately before the date of grant was HK\$6.34 per share.

On 20 June 2016, the Company granted a total 39,920,000 New Share Options under the New Share Option Scheme, at an exercise price of HK\$4.62 per share. The closing price of the Shares immediately before the date of grant was HK\$4.56 per share.

Within five business days from the relevant New Share Options Offer Date, each grantee paid or shall pay the Company HK\$1.00 (or its equivalent in RMB) as consideration when accepting the New Share Options under the New Share Option Scheme.

For the year ended 31 December 2016, changes in the New Share Options granted under the New Share Option Scheme were set out as follows:

Name of grantee	Number of Share Options granted 5 June 2014 (Note 1)	Number of Share Options granted on 9 July 2015 (Note 2)	Number of outstanding Share Options as at 1 January 2016	Number of Share Options granted on 20 June 2016 (Note 3)	Number of Share Options exercised for the year ended 31 December 2016	Number of Share Options cancelled for the year ended 31 December 2016	Number of Share Options lapsed for the year ended 31 December 2016	Number of outstanding Share Options as at 31 December 2016
Directors								
Mr. Sun Hongbin*	1,300,000	—	1,300,000	—	—	—	—	1,300,000
Mr. Wang Mengde	1,200,000	1,300,000	2,500,000	2,000,000	—	—	—	4,500,000
Mr. Jing Hong	1,100,000	1,200,000	2,300,000	2,000,000	—	—	—	4,300,000
Mr. Chi Xun	1,100,000	1,200,000	2,300,000	2,000,000	—	—	—	4,300,000
Mr. Tian Qiang	1,100,000	1,200,000	2,300,000	1,800,000	—	—	—	4,100,000
Mr. Shang Yu	1,100,000	1,200,000	2,300,000	1,500,000	—	—	—	3,800,000
Mr. Huang Shuping	1,100,000	1,100,000	2,200,000	1,800,000	—	—	—	4,000,000
Mr. Li Shaozhong	1,100,000	1,100,000	2,200,000	1,000,000	—	—	—	3,200,000
Senior management and employees	24,167,000	24,967,000	43,488,650	27,820,000	2,206,300	771,880[#]	444,120	67,886,350
Total	33,267,000	33,267,000	60,888,650	39,920,000	2,206,300	771,880	444,120	97,386,350

* Mr. Sun Hongbin is also a substantial shareholder of the Company.

Among these 771,880 cancelled New Share Options, the exercise price of 89,600 New Share Options is HK\$4.07 per share, the exercise price of 280,000 New Share Options is HK\$4.56 per share and the exercise price of 402,280 New Share Options is HK\$6.34 per share.

REPORT OF THE DIRECTORS

Notes:

1. The exercise period is from 5 June 2014 to 4 June 2019. These New Share Options were vested in accordance with the following vesting dates: (i) 30% of the New Share Options were vested on the date of grant (i.e. 5 June 2014); (ii) an additional 30% (i.e. up to 60% in total) of the New Share Options were vested on 5 June 2015; and (iii) the remaining 40% of the New Share Options were vested on 5 June 2016. The closing price of the Shares immediately before the date on which the New Share Options were granted was HK\$3.96 per share.
2. The exercise period is from 9 July 2015 to 8 July 2020. These New Share Options were or shall be vested in accordance with the following vesting dates: (i) 30% of the New Share Options were vested and exercisable on the date of grant (i.e. 9 July 2015); (ii) an additional 30% (i.e. up to 60% in total) of the New Share Options shall be vested and exercisable from the 1st anniversary date of the date of grant (i.e. 9 July 2016); and (iii) the remaining 40% of the New Share Options (i.e. up to 100% in total) shall be vested and exercisable from the 2nd anniversary date of the date of grant (i.e. 9 July 2017).
3. The exercise period is from 20 June 2016 to 19 June 2021. These New Share Options were or shall be vested in accordance with the following vesting dates: (i) 30% of the New Share Options were vested on and exercisable from the date of grant (i.e. 20 June 2016); (ii) an additional 30% (i.e. up to 60% in total) of the New Share Options shall be vested and exercisable from the first anniversary date of the Date of Grant (i.e. 20 June 2017); and (iii) the remaining 40% (i.e. up to 100% in total) of the New Share Options shall be vested and exercisable from the second anniversary date of the Date of Grant (i.e. 20 June 2018).

As at 31 December 2016, the total number of Shares issuable upon exercise of all the outstanding New Share Options was 97,386,350 Shares, representing 2.52% of the total number of issued Shares as at that date.

For the year ended 31 December 2016, senior management and employees of the Company exercised a total of 1,747,300 Share Options granted on 5 June 2014 pursuant to the New Share Option Scheme at the exercise price of HK\$4.07 per share. The weighted average closing price of the Shares immediately before the exercise date was HK\$5.63 per share.

For the year ended 31 December 2016, senior management and employees of the Company exercised nil Share Options granted on 9 July 2015 pursuant to the New Share Option Scheme.

For the year ended 31 December 2016, senior management and employees of the Company exercised a total of 459,000 Share Options granted on 20 June 2016 pursuant to the New Share Option Scheme at the exercise price of HK\$4.62 per share. The weighted average closing price of the Shares immediately before the exercise date was HK\$5.89 per share.

Except for the Directors listed in the table above, none of the grantees under the New Share Option Scheme is a connected person of the Group.

The weighted average fair value of the Share Options granted during the year ended 31 December 2016 determined using the Binomial valuation model was HK\$1.65 per Share Option. The significant input into the model included weighted average share price of HK\$4.56 at the date of grant, exercise price of HK\$4.56, volatility of 53.12%, dividend yield of 2.59%, an expected Share Option life of 3 years and an annual risk-free interest rate of 0.827%. The expected volatility is determined by calculating the historical volatility of the share price of listed companies with similar business as the Group. The expected dividend yield is determined by the Directors based on the expected future performance and dividend policy of the Group. The amortisation of Share Options of RMB57,890,000 was recognised as staff costs in the consolidated income statements.

Save as disclosed herein, during the year ended 31 December 2016, (a) the Company had not adopted any other share option schemes; and (b) no other share options were granted, exercised, cancelled or lapsed pursuant to any of the share option schemes of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2016, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, are set out below:

(I) INTERESTS IN SHARES OF THE COMPANY AND/OR ASSOCIATED CORPORATIONS

Name of Director	Nature of Interest	Relevant company (including associated corporations)	Number of shares of the relevant company ⁽¹⁾	Approximate percentage of interest in the relevant company ⁽⁴⁾
Mr. Sun Hongbin	Interest in controlled corporations ⁽²⁾	The Company	2,076,715,884 (L)	53.83%
	Beneficial interest	The Company	10,090,000 (L)	0.26%
	Beneficial interest	Sunac International ⁽³⁾	1 (L)	100%
Mr. Wang Mengde	Beneficial interest	The Company	3,300,000 (L)	0.09%
Mr. Jing Hong	Beneficial interest	The Company	650,000 (L)	0.02%
Mr. Tian Qiang	Beneficial interest	The Company	2,602,000 (L)	0.07%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) These 2,076,715,884 Shares were held as to 2,042,623,884 Shares by Sunac International and 34,092,000 Shares by 天津標的投資諮詢有限公司 (for identification only, Tianjin Biaodi Investment Consultancy Company Limited) ("Tianjin Biaodi"). Sunac International and Tianjin Biaodi were wholly and beneficially owned by Mr. Sun. Mr. Sun was also the sole director of Sunac International. Mr. Sun was deemed to be interested in all these Shares by virtue of the SFO.
- (3) Sunac International is our holding company and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO.
- (4) Calculated on the basis of 3,857,738,349 Shares in issue as at 31 December 2016.

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(II) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY

Name of Director	Nature of Interest	Number of underlying Shares ⁽¹⁾	Approximate percentage of interest in the Company ⁽²⁾
Mr. Sun Hongbin	Beneficial interest	1,300,000	0.03%
Mr. Wang Mengde	Beneficial interest	9,700,000	0.25%
Mr. Jing Hong	Beneficial interest	8,950,000	0.23%
Mr. Chi Xun	Beneficial interest	9,200,000	0.24%
Mr. Tian Qiang	Beneficial interest	6,600,000	0.17%
Mr. Shang Yu	Beneficial interest	7,450,000	0.19%
Mr. Huang Shuping	Beneficial interest	4,950,000	0.13%
Mr. Li Shaozhong	Beneficial interest	8,000,000	0.21%

Notes:

- (1) The interests in the underlying Shares are in relation to the Share Options granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the New Share Option Scheme (as appropriate).
- (2) Calculated on the basis of 3,857,738,349 Shares in issue as at 31 December 2016.

Save as disclosed above, as at 31 December 2016, none of the Directors and chief executives of the Company, or their respective associates, had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Company, as at 31 December 2016, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company:

Name of Shareholder	Nature of Interest/Capacity	Number of Shares or underlying Shares ⁽¹⁾	Approximate percentage of shareholding ⁽³⁾
Sunac International	Beneficial interest	2,042,623,884 (L)	52.95%
Ping An Bank Company Limited, Shanghai Pilot Free-Trade Zone Branch (平安銀行股份有限公司上海自貿試驗區分行) ⁽²⁾	Security interest	1,589,549,451 (L)	41.20%
Ping An Bank Company Limited (平安銀行股份有限公司) ⁽²⁾	Interest in a controlled corporation	1,589,549,451 (L)	41.20%
Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) ⁽²⁾	Interest in a controlled corporation	1,589,549,451 (L)	41.20%

Note:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Based on the disclosure or interests notices filed by these entities on 11 November 2016, Ping An Bank Company Limited, Shanghai Pilot Free-Trade Zone Branch was wholly owned by Ping An Bank Company Limited and Ping An Bank Company Limited was owned as to 49.56% by Ping An Insurance (Group) Company of China, Ltd. As a result, Ping An Bank Company Limited and Ping An Insurance (Group) Company of China, Ltd. were deemed to have interest in 1,589,549,451 shares in respect of which Ping An Bank Company Limited, Shanghai Pilot Free-Trade Zone Branch held security interest.
- (3) Calculated on the basis of 3,857,738,349 Shares in issue as at 31 December 2016.

Save as disclosed above, as at 31 December 2016, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company or the law of Cayman Islands being the jurisdiction in which the Company was incorporated which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE OF THE COMPANY

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the Chairman's Statement on page 5 of this Annual Report. Description of possible business risks and uncertainties that the Group may be facing can be found in Business Review and Outlook on pages 38 to 40 and the Chairman's Statement on page 5. Also, the interest rate risk and foreign exchange risk of the Group are elaborated in the Management Discussion and Analysis on page 45 to 46 of this report, and the financial risk management objectives and policies of the Group can be found in Note 3 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2016 are provided in Note 43 to the consolidated financial statements. The Financial Summary and an analysis of the key financial indicators of the Group are provided on page 4 and pages 41 to 45 of this Annual Report, respectively. In addition, a discussion on the Group's environmental policies and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Directors' Report on page 90, and our relationship with investors is stated in the Investor Relations Report on page 66.

REPORT OF THE DIRECTORS

ENVIRONMENTAL PROTECTION

The Company has long considered environmental protection as one of its key priorities. During its business operation, the Company has used its resources prudently, employed reusable and eco-friendly materials and preserved greenery to fulfil its commitment to protect the environment. With reference to the GRI G4 Guidelines (the international standard formulated by the Global Reporting Initiative) as well as the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide ("ESG Guide"), the Company has implemented measures to update its internal control system and strengthen the regulation and control of environmental protection initiatives. The Group is supportive of environmental protection, committed to comply with environmental protection regulations and dedicated to heighten the environmental awareness of its employees. Meanwhile, it also adheres to the principle of recycling and reducing and carries forward various initiatives to green the office, including replacing paper approval by electronic approval printing and copying double-sided, setting up recycling bins, advocating the use of recycled paper and reducing energy consumption by switching off idling lights and electronic appliances. The Company also encourages its shareholders to receive electronic communications through the websites of the Hong Kong Stock Exchange and the Company in order to save paper.

The Group will review its environmental protection activities from time to time and consider the further implementation of measures and practices on environmental protection in the Group's business operations, thereby enhancing environmental sustainability.

In compliance with the reporting guidelines set out in the ESG Guide, the Company will produce a standalone report on environmental, social and governance, which will be made available online at the Company's website (www.sunac.com.cn) and the Stock Exchange's website (www.hkexnews.hk) on or before 18 July 2017.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time, including but not limited to, contract laws and labour laws.

As far as the Company is aware of, the Group has complied with all relevant rules and regulations promulgated by the relevant regulatory bodies to which the Group operates its business in and holds relevant required licences for the conducting of its business. The Group's management must ensure that the conduct of business is in conformity with the applicable laws and regulations.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfy needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. We reinforce business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2016, the Group had a total of 13,294 employees in Hong Kong and the PRC. For the year ended 31 December 2016, the staff cost of the Group was approximately RMB1,046.3 million.

The employees' remuneration policy is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual bonus according to certain performance conditions and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff.

In order to attract and retain excellent talents, the Company adopted the Pre-IPO Share Option Scheme on 9 September 2010 and the Post-IPO Share Option Scheme on 29 April 2011, and the New Share Option Scheme on 19 May 2014 for granting Share Options to eligible persons (including employees of the Group) entitling them the right to subscribe for shares of the Company, details of which are disclosed on pages 80 to 86 of this report. Furthermore, the Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain their competitiveness. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the year ended 31 December 2016.

The emoluments of the Directors are firstly reviewed by the Remuneration Committee and then approved by the Board, having regard to the Directors' skill, knowledge, involvement in the Group's affairs and the performance of each Director, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, all directors or other key officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which they may sustain or incur arising from or incidental to the execution of their duties. The Company has taken out liability insurance for directors and senior officers over the years, which provides the directors and officers of the Group with indemnity assurance in respect of the potential liabilities arising from the Group's business activities.

REPORT OF THE DIRECTORS

SUBSEQUENT EVENTS

Details of significant events after 31 December 2016 are set out in note 43 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor will be proposed at the forthcoming annual general meeting of the Company.

For and on behalf of the Board
Sunac China Holdings Limited
Sun Hongbin
Chairman

Hong Kong, 27 March 2017



羅兵咸永道

To the Shareholders of Sunac China Holdings Limited
(incorporated in Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Sunac China Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 98 to 196, which comprise:

- the consolidated balance sheet as at 31 December 2016;
- 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 cash flow statement 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 requirement of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) 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.

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

INDEPENDENT AUDITOR'S REPORT

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.

Key audit matter identified in our audit is gains on acquisitions.

Key Audit Matter

Gains on acquisitions

Refer to notes 10, 29 and 38 to the consolidated financial statements

The Group acquired a number of subsidiaries, associates and joint ventures during the year. The excess amounts of the fair values of the acquired identifiable net assets over the considerations of about RMB2,214 million were recognized as gains in consolidated statement of comprehensive income.

For the acquired business, management engaged independent valuers in assisting the valuations of the identifiable assets and the liabilities as at the respective acquisition dates.

The main business of the acquired companies was property development and the major assets were real estate properties. Certain significant judgements and estimates were made in relation to the valuations of such properties, mainly including the future unit selling price, developer's profit, future costs to the completion of the development and discount rate.

We focused on this area due to the significant gains derived during the year and the valuations involved management judgement and estimates which could affect the calculation of the gains.

How our audit addressed the Key Audit Matter

We interviewed the management and checked the related equity sales and purchase agreements, other legal documents to understand the background of equity transactions.

We obtained the valuation reports of the acquired companies. We assessed the independence and competence of the independent valuers and verified their qualifications.

We challenged management's valuation methodology in the valuation through interviewing the management to understand the status of development properties and examining the relevant evidence of the development properties' completion ratio.

We challenged management's key assumptions in the valuations, including the forecasted future unit selling prices of the properties, developer's profit, future costs to the completion of the development, and the discount rate, through examining the underlying relevant evidence such as the selling price and unit cost of comparable projects in the market, historical records of development costs and cost of capital of the Group.

In light of the above, we found the significant judgements and estimates made by management is supportable by the evidence we gathered.

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 AUDIT COMMITTEE 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.

Audit Committee are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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.

INDEPENDENT AUDITOR'S REPORT

We communicate with Audit Committee 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 Audit Committee 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 Audit Committee, 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 Cheng Kwong On.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2017

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2016 RMB'000	2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	546,526	68,959
Investment properties	8	656,046	—
Intangible assets	9	421,353	230,269
Investments accounted for using the equity method	10	34,552,860	15,260,581
Prepayments	16	1,657,285	4,722,036
Deferred income tax assets	11	2,385,982	1,502,429
Available-for-sale financial assets	12	160,000	—
Derivative financial instruments	25(a)	105,359	—
		40,485,411	21,784,274
Current assets			
Properties under development	13	106,962,516	34,142,659
Completed properties held for sale	14	23,658,662	15,727,129
Trade and other receivables	15	8,416,425	970,481
Amounts due from related companies	40(d)	37,919,092	11,660,049
Prepayments	16	5,928,319	4,166,080
Restricted cash	17	17,726,623	4,371,010
Cash and cash equivalents	18	52,086,050	22,687,280
		252,697,687	93,724,688
Total assets		293,183,098	115,508,962
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	331,408	291,329
Other reserves	21	6,737,203	4,104,442
Retained earnings		16,200,861	14,609,618
		23,269,472	19,005,389
Perpetual capital securities	22	9,957,036	—
Other non-controlling interests		2,184,645	414,781
Total equity		35,411,153	19,420,170

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2016 RMB'000	2015 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	24	80,199,682	27,214,240
Derivative financial instruments	25(b)	187,776	—
Deferred income tax liabilities	11	8,790,371	4,379,412
		89,177,829	31,593,652
Current liabilities			
Trade and other payables	23	41,413,335	10,943,950
Advanced proceeds from customers		34,376,367	13,420,386
Amounts due to related companies	40(d)	51,671,111	18,212,922
Current income tax liabilities		8,488,966	7,333,489
Borrowings	24	32,644,337	14,584,393
		168,594,116	64,495,140
Total liabilities		257,771,945	96,088,792
Total equity and liabilities		293,183,098	115,508,962

The notes on pages 104 to 196 are an integral part of these consolidated financial statements.

The financial statements on pages 98 to 196 were approved by the Board of Directors on 27 March 2017 and were signed on its behalf.

Sun Hongbin
Director

Wang Mengde
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2016 RMB'000	2015 RMB'000
Revenue	6	35,343,492	23,010,943
Cost of sales	26	(30,495,461)	(20,153,678)
Gross profit		4,848,031	2,857,265
Selling and marketing costs	26	(916,229)	(661,054)
Administrative expenses	26	(1,339,442)	(775,015)
Other income and gains	29	3,280,274	4,111,990
Other expenses and losses	30	(22,690)	(265,628)
Operating profit		5,849,944	5,267,558
Finance income	31	392,232	123,521
Finance expenses	31	(3,190,588)	(2,520,575)
Finance expenses - net	31	(2,798,356)	(2,397,054)
Share of post-tax profits of investments accounted for using equity method, net	10	1,357,209	1,693,207
Profit before income tax		4,408,797	4,563,711
Income tax expenses	32	(1,470,438)	(955,308)
Profit for the year		2,938,359	3,608,403
Other comprehensive income for the year		—	—
Total comprehensive income for the year		2,938,359	3,608,403
Profit and total comprehensive income attributable to:			
– Owners of the Company		2,478,353	3,297,828
– Holders of perpetual capital securities	22	302,758	—
– Other non-controlling interests		157,248	310,575
		2,938,359	3,608,403
Earnings per share attributable to owners of the Company (expressed in RMB per share):	33		
– Basic earnings per share		0.71	0.97
– Diluted earnings per share		0.71	0.96

The notes on pages 104 to 196 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company				Perpetual capital securities RMB'000	Other non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000			
		Balance at 1 January 2015		289,963	3,203,001			
Total comprehensive income		—	—	3,297,828	3,297,828	—	310,575	3,608,403
Transactions with non-controlling interests		—	(93,853)	—	(93,853)	—	(2,556,016)	(2,649,869)
Dividends to non-controlling interests		—	—	—	—	—	(1,699,837)	(1,699,837)
Non-controlling interests arising on business combination		—	—	—	—	—	(30,040)	(30,040)
Disposal of subsidiaries		—	—	—	—	—	(239,596)	(239,596)
Employees share option schemes:								
– Value of employee services	21,28	—	47,395	—	47,395	—	—	47,395
– Proceeds from shares issued	21,19	1,366	44,129	—	45,495	—	—	45,495
Statutory reserve		—	1,548,184	(1,548,184)	—	—	—	—
Dividends relating to 2014	42	—	(644,414)	—	(644,414)	—	—	(644,414)
		1,366	901,441	(1,548,184)	(645,377)	—	(4,525,489)	(5,170,866)
Balance at 31 December 2015		291,329	4,104,442	14,609,618	19,005,389	—	414,781	19,420,170
Total comprehensive income		—	—	2,478,353	2,478,353	302,758	157,248	2,938,359
Transactions with owners, recognised directly in equity								
Non-controlling interests arising on business combination	38 (b)	—	—	—	—	—	1,466,480	1,466,480
Capital contributions from non-controlling interests		—	—	—	—	—	147,900	147,900
Transactions with non-controlling interests	37	—	(74,492)	—	(74,492)	—	(1,764)	(76,256)
Issue of perpetual capital securities	22	—	—	—	—	9,827,900	—	9,827,900
Distributions to holders of perpetual capital securities	22	—	—	—	—	(173,622)	—	(173,622)
Employees share option schemes:								
– Value of employee services	21,28	—	57,890	—	57,890	—	—	57,890
– Proceeds from shares issued	21,19	449	12,289	—	12,738	—	—	12,738
Proceeds from private placement	21,19	39,630	2,409,530	—	2,449,160	—	—	2,449,160
Statutory reserve		—	887,110	(887,110)	—	—	—	—
Dividends relating to 2015	42	—	(659,566)	—	(659,566)	—	—	(659,566)
		40,079	2,632,761	(887,110)	1,785,730	9,654,278	1,612,616	13,052,624
Balance at 31 December 2016		331,408	6,737,203	16,200,861	23,269,472	9,957,036	2,184,645	35,411,153

The notes on pages 104 to 196 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Cash generated from operations	34	8,030,635	17,670,853
Income tax paid		(3,414,605)	(1,728,822)
Net cash generated from operating activities		4,616,030	15,942,031
Cash flows from investing activities			
Payments for business combinations, net	38	(9,092,613)	(6,491,835)
Disposal of subsidiaries	39	344,761	1,372,011
Payments for previous year's equity investments		(436,753)	—
Prepayments of consideration for equity acquisitions		(2,198,587)	(4,079,258)
Cash advance to potential projects		(1,806,178)	—
Withdrawal of prepayments for equity acquisitions		—	2,856,238
Interest received on prepayments for equity acquisitions		88,486	122,640
Proceeds from disposal of joint ventures and associates		60,000	191,373
Investments in joint ventures and associates		(15,087,121)	(2,558,789)
Dividend received from joint ventures		49,423	248,970
Loans granted to joint ventures and associates		(10,047,720)	(6,448,164)
Loan repayments received from joint ventures and associates		3,472,515	2,028,725
Interest received from joint ventures and associates		357,666	65,142
Payment of available-for-sale financial assets	12	(160,000)	—
Purchases of property, plant and equipment ("PP&E") and intangible assets	7	(35,938)	(16,133)
Proceeds from disposals of PP&E		13,143	2,195
Proceeds from disposal of investment properties		—	175,000
Net cash used in investing activities		(34,478,916)	(12,531,885)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2016 RMB'000	2015 RMB'000
Cash flows from financing activities			
Proceeds from issue of ordinary shares		2,461,898	45,495
Proceeds from issue of corporate bonds	24	18,935,300	5,964,000
Proceeds from borrowings	24	93,281,292	28,628,153
Proceeds from issuance of perpetual capital securities	22	9,887,900	—
Payments for derivative financial instrument		(50,271)	—
Dividends paid to holders of perpetual capital securities		(173,622)	—
Repayments of borrowings	24	(51,043,865)	(26,247,463)
Dividends paid to Company's shareholders	42	(659,566)	(646,367)
Dividend paid to non-controlling interests		—	(1,713,829)
Loans to non-controlling interests		(271,976)	—
Loans from non-controlling interests		—	631,456
Loan repayments to non-controlling interests		(170,277)	(2,380,263)
Acquisition of additional interests in subsidiaries		(111,619)	(2,824,927)
Interest paid		(3,698,520)	(2,741,312)
Restricted cash guaranteed for bank borrowings		(9,236,282)	(337,898)
Contribution from non-controlling interests		79,900	—
Net cash generated from/(used in) financing activities		59,230,292	(1,622,955)
Net increase in cash and cash equivalents		29,367,406	1,787,191
Cash and cash equivalents at beginning of year		22,687,280	20,657,285
Effects of exchange rate difference		31,364	242,804
Cash and cash equivalents at end of year	18	52,086,050	22,687,280

The notes on pages 104 to 196 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1 General information

Sunac China Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the businesses of property development and investment, and property management services in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1- 9005, Cayman Islands. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Renminbi (“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.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) 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 financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties carried at fair value.

The preparation of financial statements in conformity with HKFRS requires to use certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.1.1 Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group’s developed properties; and (b) the availability of bank finance for the foreseeable future. The Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group’s borrowings is given in Note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year ended 31 December 2016:

- Accounting for acquisitions of interests in joint operations – Amendments to HKFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments to HKAS 16 and HKAS 38
- Annual improvements to HKFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to HKAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

2.1.2 Changes in accounting policy and disclosures *(continued)*

(b) New standards and interpretations not yet adopted (continued)

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 hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. 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 fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. 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.

While the Group has not yet undertaken a detailed assessment of the impact of the new standard, it is not expected there is significant impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

2.1.2 Changes in accounting policy and disclosures *(continued)*

(b) New standards and interpretations not yet adopted (continued)

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. 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 prior to its effective date.

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 RMB62.9 million (Note 35). 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.

No other HKFRS or HK (IFRIC) interpretations not yet effective are expected to have a material impact to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.2 SUBSIDIARIES

2.2.1 Consolidation

A subsidiary is an entity (including a structured 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 HKFRS.

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 either in profit or loss or as a change to other comprehensive income. 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 (Note 2.9). 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 statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.2 SUBSIDIARIES *(continued)*

2.2.1 Consolidation *(continued)*

(a) Business combinations (continued)

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 with the Group's accounting policies.

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

Transactions with non-controlling interests that do not result in 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 value 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 ventures 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 by applicable HKFRS.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also 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 dividends 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.3 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 statement of profit or loss, 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 associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying value and recognises the amount adjacent to "share of post-tax profits of investments accounted for using equity method" in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates 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 statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.4 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.

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.

2.5 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 of the Company that makes strategic decisions.

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, which is the Company's functional and the Group's presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.6 FOREIGN CURRENCY TRANSLATION *(continued)*

(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 statement of profit or loss, 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 statement of profit or loss within 'finance income or expenses'. All other foreign exchange gains and losses are presented in statement of profit or loss within 'other gains – net'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.7 PROPERTY, PLANT AND EQUIPMENT

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss 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 costs to their residual values over their estimated useful lives, as follows:

Buildings	29 years
Vehicles	5 years
Furniture and office equipment	5 years
Leasehold improvements	Shorter of 5 years or the lease periods

The assets' 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 statement of profit or loss.

2.8 INVESTMENT PROPERTIES

Investment properties, principally comprising properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment property is initially measured at cost, including related development costs. After initial recognition at cost, 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 method such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually at each balance sheet date by independent valuers. Changes in fair values are recorded in the statement of profit or loss as part of a valuation gain or loss in "Other gains-net".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.9 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 value 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 to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.10 LAND USE RIGHTS

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

Land use rights which are held for development for sale are inventories and measured at lower of cost and net realisable value. Land use rights which are held for self-use are stated at cost and amortised over the use terms using straight-line method.

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, 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 (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.12 FINANCIAL ASSETS

2.12.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. 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) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) 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, amounts due from related companies, restricted cash and cash and cash equivalent in the balance sheet (Notes 2.16 and 2.17).

(c) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.12 FINANCIAL ASSETS *(continued)*

2.12.2 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 for all financial assets not carried at fair value through profit or loss. 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 statement of profit or loss as “gains and losses from investment securities”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of profit or loss as part of other income when the Group’s right to receive payments is established.

2.12.3 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 Summary of significant accounting policies *(continued)*

2.13 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 recognized in the consolidated statement of profit or loss. 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 recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

(b) Assets classified as available-for-sale financial assets

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 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 consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.14 PROPERTIES UNDER DEVELOPMENT

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

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

2.15 COMPLETED PROPERTIES HELD FOR SALE

Completed properties remaining unsold as at the balance sheet dates 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 the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.16 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for properties sold or 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. See Note 2.12.2 for further information about the Group's accounting for trade receivables and Note 2.13 for a description of the Group's impairment policies.

2.17 CASH AND CASH EQUIVALENTS

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

2.18 SHARE CAPITAL

Ordinary shares are classified as equity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.19 PERPETUAL CAPITAL INSTRUMENTS

Perpetual capital instruments with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

2.20 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables 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 payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.21 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 statement of profit or loss 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.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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 end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.22 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 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 interest rates on similar borrowings in the entity's functional currency.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings.

Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.23 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss.

(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's subsidiaries and associates 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.23 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 substantively 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 arrangements, 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 not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.24 EMPLOYEE BENEFITS

(a) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual 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) 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.

(c) 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)*

2.25 SHARE-BASED PAYMENTS

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

(b) Share-based payment transactions among Group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.26 PROVISIONS

Provisions for legal claims 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 assessment 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.

2.27 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) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and recoverability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets as "Advanced proceeds from customers" within current liabilities.

(b) Rental income

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

(c) Service income

Property management service income is recognised when the services are provided, the total amount of revenue and costs arising from provision of the services can be estimated reliably, and it is probable that the economic benefits associated with the transaction will flow in.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

2 Summary of significant accounting policies *(continued)*

2.27 REVENUE RECOGNITION *(continued)*

(d) Interest income

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

(e) Dividend income

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

2.28 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the year necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets.

2.29 LEASES

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

2.30 DIVIDEND DISTRIBUTION

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

2.31 INSURANCE CONTRACTS

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers and financial guarantee contracts provided to its related parties as insurance contracts.

The Group assesses at each reporting date whether its financial guarantee liabilities are adequate, using current estimates of future cash flows under its financial guarantee contracts. If that assessment shows that the carrying amount of its liabilities is inadequate in the light of the estimated future cash flow, the entire deficiency is recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3 Financial risk management

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow 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. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since all of the operating entities are based in the PRC. The foreign currency balances as at 31 December 2016 were primarily related to bank deposits, borrowings and the senior notes denominated in United States dollar ("USD") or Hong Kong dollar ("HKD") or European dollar ("EUR"). The Group uses currency swap to hedge certain risk exposures.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities are as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Assets		
HKD	421,936	262,113
USD	93,148	1,896,504
	515,084	2,158,617
Liabilities		
HKD	—	176,436
USD	4,579,276	18,872,365
EUR	842,984	—
	5,422,260	19,048,801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3 Financial risk management *(continued)*

3.1 FINANCIAL RISK FACTORS *(continued)*

(a) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

As at 31 December 2016, if RMB had strengthened/weakened by 5% against the HK dollar with all other variables held constant, the post-tax profit for the year would have been RMB21 million lower/higher (2015: RMB4 million lower/higher).

As at 31 December 2016, if RMB had strengthened/weakened by 5% against the US dollar with all other variables held constant, the post-tax profit for the year would have been RMB224 million higher/lower (2015: RMB849 million higher/lower).

As at 31 December 2016, if RMB had strengthened/weakened by 5% against the EUR dollar with all other variables held constant, the post-tax profit for the year would have been RMB42 million higher/lower (2015: Nil).

(ii) Price risk

The Group is not exposed to equity securities price or commodity price risk.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings and interest-bearing amounts due from related parties. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings issued and amounts due from related parties with fixed rates expose the Group to fair value interest-rate risk. In 2016, the Group's borrowings were denominated in RMB, USD and EUR. (2015: RMB, HKD and USD).

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3 Financial risk management (continued)

3.1 FINANCIAL RISK FACTORS (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

The table below sets out the Group's exposure to interest rate risks. Included in the table are the assets and liabilities at carrying amounts, categorised by maturity dates.

RMB' million	Floating rates				Fixed rates				Total
	Less than 1 year	1 to 5 years	over 5 years	Sub-total	Less than 1 year	1 to 5 years	over 5 years	Sub-total	
At 31 December 2016									
Amounts due from related parties	—	—	—	—	11,147	—	—	11,147	11,147
Borrowings	12,954	14,076	19	27,049	19,690	53,113	12,992	85,795	112,844
At 31 December 2015									
Amounts due from related parties	—	—	—	—	4,572	—	—	4,572	4,572
Borrowings	5,751	12,182	—	17,933	8,833	15,033	—	23,866	41,799

As at 31 December 2016, if the interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, the post-tax profit for the year would have been lower/higher by RMB72.46 million (2015: lower/higher by RMB72.2 million) and the capitalised interest for the year would have been higher/lower by RMB80.42 million. (2015: higher/lower by RMB69.3 million) respectively.

The Group's management team centrally authorises all loans entered into by operating entities and sets a benchmark interest rate within which the entity management teams can negotiate loans with their local lenders prior to obtaining central approval from the Group management. The interest rate benchmark is reassessed annually by the Group management team.

The Group also analyses its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3 Financial risk management *(continued)*

3.1 FINANCIAL RISK FACTORS *(continued)*

(b) Credit risk

The Group has no significant concentrations of credit risk. The maximum extent of the Group's credit exposure in relation to financial assets is represented by the aggregate balance of cash and cash equivalents, restricted cash, trade and other receivable, amounts due from related parties included in the consolidated balance sheets. Cash transactions are limited to high-credit-quality banks. The Group has policies in place to ensure that sales of properties are made to customers with an appropriate financial strength and appropriate percentage of down payment. Credit is granted to customers with sufficient financial strength. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

Certain customers of the Group have arranged bank financing for their purchases of the properties. The Group entities have provided guarantees to secure obligations of such customers for repayments, normally up to the time when the customers obtain the legal certificates of the property ownership. Detailed disclosure of these guarantees is made in Note 36(a).

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

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 adjusting and further slowing down the construction progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures, accelerating sales with more flexible pricing and issuing senior notes. The Group, will base on its assessment of the relevant future costs and benefits, pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

Due to the dynamic nature of the underlying businesses, the Group's central treasury department maintains flexibility in funding by its ability to move cash and cash equivalents between different entities through entrusted loan arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

3 Financial risk management (continued)

3.1 FINANCIAL RISK FACTORS (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity grouping 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.

In RMB' million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2016					
Borrowings and interest payments	38,678	31,380	44,786	13,711	128,555
Trade and other payables (Note 23)	39,611	—	—	—	39,611
Amounts due to related companies (Note 40(d))	51,671	—	—	—	51,671
Derivative financial instruments (Note 25)	—	28,368	159,408	—	187,776
At 31 December 2015					
Borrowings and interest payments	16,840	10,701	21,155	—	48,696
Trade and other payables (Note 23)	10,272	—	—	—	10,272
Amounts due to related companies (Note 40(d))	18,213	—	—	—	18,213

Note:

- The interest payments on borrowings are calculated based on borrowings held as at 31 December 2016 and 2015 without taking into account of future borrowings. Floating-rate interest is estimated using the current interest rate at 31 December 2016 and 2015 respectively.
- Trade and other payables in this analysis do not include the taxes payables and payroll and welfare payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

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 shareholders 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 may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debts.

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 (including restricted cash).

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

	31 December 2016 RMB'000	31 December 2015 RMB'000
Total borrowings (Note 24)	112,844,019	41,798,633
Less: Restricted cash (Note 17)	(17,726,623)	(4,371,010)
Cash and cash equivalents (Note 18)	(52,086,050)	(22,687,280)
Net debts	43,031,346	14,740,343
Total equity	35,411,153	19,420,170
Gearing ratio	121.52%	75.90%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

4 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2016 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).

See Note 8 for disclosures of the investment properties that are measured at fair value and Note 24 for disclosures of the financial liabilities that are not measured at fair value but fair value disclosures are required.

The following table presents the Group's financial assets and financial liabilities that are measured at fair value at 31 December 2016 (2015: Nil).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets	—	—	160,000	160,000
Derivative financial instruments	—	105,359	—	105,359
Liabilities				
Derivative financial instruments	—	187,776	—	187,776

During the year ended 31 December 2016, there were no reclassifications of financial assets and liabilities and no transfers between different levels.

The financial instruments classified as level 2 represent currency derivative contracts entered into with certain commercial banks and option embedded in the corporate bond contracts. The contracts do not qualify for hedge accounting, so that they are classified as derivative financial instruments on the balance sheet and with fair value changes recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

5 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are 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 may 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) PRC CORPORATE INCOME TAXES AND DEFERRED TAXATION

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax and withholding tax on undistributed earnings of PRC subsidiaries. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters (including the effect of change in the dividend policies of PRC subsidiaries) 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 tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(B) PRC LAND APPRECIATION TAXES

The Group is subject to land appreciation taxes ("LAT") in numerous jurisdictions. However, since the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to its understanding of the interpretation of tax rules by various tax authorities. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income taxes and deferred income tax provisions in the years in which such taxes have been finalised with local tax authorities.

(C) ESTIMATED NET REALIZABLE VALUE OF PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

The Group assesses the carrying amounts of properties under development and completed properties held for sale based on the net realisable value of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates. If the estimated future selling prices had been 5% lower, the Group would have recognised further impairment against properties under development and completed properties held for sale and the net profit for the year ended 31 December 2016 would have decreased by RMB115 million (2015: RMB17 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

5 Critical accounting estimates and judgements *(continued)*

(D) FAIR VALUE OF INVESTMENT PROPERTIES

The fair values of investment properties are determined using valuation technique. Details of the judgement and assumptions have been disclosed in Note 8.

(E) REVENUE RECOGNITION

The Group has recognised revenue from the sale of properties held for sale as disclosed in Note 2.27. The assessment of when an entity has transferred the significant risks and rewards of ownership to purchasers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the purchasers upon release of the respective property to the purchasers.

As disclosed in Note 36, the Group provides guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will expire when relevant property ownership certificates are mortgaged to banks by the purchasers. In order to obtain mortgage loans, the purchasers need to settle certain percentage of the total contract amount in accordance with related PRC regulations upon delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on past experiences, there were no significant defaults of mortgage facilities by the purchasers resulting in the calling of the bank guarantees provided. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

6 Segment information

The executive directors of the Company review the Group's internal reporting in order to assess performance and allocate resources of the Group. The executive directors of the Company have determined the operating segments based on these reports. The executive directors assess the performance of property development and investments, property management and other business of the Group respectively. The performance of such operating segments is assessed based on a measure of profit/(loss) before income tax.

Segment assets primarily consist of all assets excluding deferred income tax assets and segment liabilities primarily consist of all liabilities excluding deferred income tax liabilities and current income tax liabilities.

The analysis of the Group's profit before income tax by segment is as follows:

	Year ended 31 December 2016		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment revenue	34,610,933	809,504	35,420,437
Inter-segment revenue	—	(76,945)	(76,945)
Revenue from external customers	34,610,933	732,559	35,343,492
Segment gross profit	4,688,516	159,515	4,848,031
Selling and marketing costs	(866,403)	(49,826)	(916,229)
Administrative expenses	(1,234,144)	(105,298)	(1,339,442)
Other income and gains	3,275,216	5,058	3,280,274
Other expenses and losses	(20,002)	(2,688)	(22,690)
Finance income	392,231	1	392,232
Finance expenses	(3,185,864)	(4,724)	(3,190,588)
Share of post-tax profits of investments accounted for using equity method, net	1,357,209	—	1,357,209
Profit before income tax	4,406,759	2,038	4,408,797
Other segment items are as follows:			
Depreciation	32,268	2,537	34,805
Fair value gains on derivative financial instruments	100,696	—	100,696

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

6 Segment information (continued)

	As at 31 December 2016		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment assets	289,000,762	1,796,354	290,797,116
Total segment liabilities	238,480,358	2,012,250	240,492,608

	Year ended 31 December 2015		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment revenue	22,511,143	561,416	23,072,559
Inter-segment revenue	—	(61,616)	(61,616)
Revenue from external customers	22,511,143	499,800	23,010,943
Segment gross profit	2,810,857	46,408	2,857,265
Selling and marketing costs	(633,674)	(27,380)	(661,054)
Administrative expenses	(715,095)	(59,920)	(775,015)
Other income and gains	4,109,545	2,445	4,111,990
Other expenses and losses	(258,404)	(7,224)	(265,628)
Finance income	123,521	—	123,521
Finance expenses	(2,514,592)	(5,983)	(2,520,575)
Share of post-tax profits of investments accounted for using equity method, net	1,693,207	—	1,693,207
Profit/(loss) before income tax	4,615,365	(51,654)	4,563,711
Other segment items are as follows:			
Depreciation	23,081	4,631	27,712

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

6 Segment information (continued)

	As at 31 December 2015		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment assets	113,644,985	361,548	114,006,533
Total segment liabilities	83,840,268	535,623	84,375,891

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

	31 December 2016 RMB'000	31 December 2015 RMB'000
Total segment assets	290,797,116	114,006,533
Deferred income tax assets	2,385,982	1,502,429
Total assets per balance sheet	293,183,098	115,508,962
Total segment liabilities	240,492,608	84,375,891
Deferred income tax liabilities	8,790,371	4,379,412
Current income tax liabilities	8,488,966	7,333,489
Total liabilities per balance sheet	257,771,945	96,088,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

7 Property, plant and equipment

	Buildings RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2015					
Cost	—	72,762	31,387	25,040	129,189
Accumulated depreciation	—	(32,204)	(23,242)	(11,928)	(67,374)
Net book amount	—	40,558	8,145	13,112	61,815
Year ended 31 December 2015					
At 1 January 2015					
Additions	—	5,320	4,920	5,378	15,618
Acquisition of subsidiaries	—	6,462	5,130	12,470	24,062
Disposal of subsidiaries	—	(2,254)	(724)	—	(2,978)
Disposals	—	(365)	(580)	(901)	(1,846)
Depreciation charges	—	(11,188)	(8,934)	(7,590)	(27,712)
At 31 December 2015	—	38,533	7,957	22,469	68,959
At 31 December 2015					
Cost	—	74,295	44,666	38,834	157,795
Accumulated depreciation	—	(35,762)	(36,709)	(16,365)	(88,836)
Net book amount	—	38,533	7,957	22,469	68,959
Year ended 31 December 2016					
At 1 January 2016	—	38,533	7,957	22,469	68,959
Additions	—	9,630	18,449	7,859	35,938
Acquisition of subsidiaries (Note 38)	363,742	8,854	63,889	53,378	489,863
Disposal of subsidiaries (Note 39)	—	(279)	(7)	—	(286)
Disposals	—	(1,615)	(11,452)	(76)	(13,143)
Depreciation charges	—	(17,419)	(9,112)	(8,274)	(34,805)
At 31 December 2016	363,742	37,704	69,724	75,356	546,526
At 31 December 2016					
Cost	363,742	85,431	110,245	99,979	659,397
Accumulated depreciation	—	(47,727)	(40,521)	(24,623)	(112,871)
Net book amount	363,742	37,704	69,724	75,356	546,526

Depreciation expense of RMB2 million (2015: RMB3 million) has been charged to "cost of sales", RMB2 million (2015: RMB2 million) in "selling and marketing costs" and RMB31 million (2015: RMB22 million) in "administrative expenses".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

8 Investment properties

Commercial properties at fair value	31 December 2016 RMB'000	31 December 2015 RMB'000
At 1 January	—	239,000
Additions on business combinations (Note 38)	656,046	—
Disposals	—	(239,000)
At 31 December	656,046	—

The Group's investment properties are all completed commercial properties located in Tianjin, Beijing and Sanya.

The Group measures its investment properties at fair value. The additions of investment properties in the year were acquired from third parties during 30 November to 31 December 2016. The fair values of the Group's investment properties at 31 December 2016 have been determined based on the valuations carried out by independent valuers, DTZ Cushman & Wakefield Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited at respective acquisition date. The directors were of the view that the fair values as at 31 December 2016 were close to those at the acquisition dates, which were quite close to the year end.

The valuations are derived using the discounted cash flow method.

The net present value of the income stream is estimated by applying an appropriate discount rate which reflects the risk profile.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

8 Investment properties (continued)

(A) INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS

	Fair value at 31 December 2016 RMB'000	Range of significant unobservable inputs		Prevailing market rents per unit per month RMB	Discount rates
		Valuation method	Vacancy rate		
Commercial properties	656,046	Discounted cash flow	5%-10%	101-210	4.5% to 5%

Discount rate is assessed by the independent valuers based on the risk profile of the properties being valued.

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value;
- The higher expected vacancy rate, the lower fair value;
- The higher monthly rental, the higher fair value;

Investment properties that are measured in the balance sheet at fair value are disclosed by level of the following fair value measurement hierarchy:

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).

At 31 December 2016, all the commercial properties are included in Level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

8 Investment properties (continued)

(B) LEASING ARRANGEMENT

Some of the investment properties are leased to tenants under long-term operating leases. Minimum rentals receivable under non-cancellable operating leases of investment properties not recognised in the financial statements are as follows:

	31 December 2016 RMB'000
Within 1 year	39,138
Later than 1 year but no later than 5 years	65,758
Later than 5 years	3,072

As at 31 December 2016, no investment properties were pledged as collateral for the Group's borrowings (31 December 2015: Nil).

9 Intangible assets

	31 December 2016 RMB'000	31 December 2015 RMB'000
Goodwill (Note (a))	411,148	228,699
Others	10,205	1,570
	421,353	230,269

(A) GOODWILL

	2016 RMB'000	2015 RMB'000
At beginning of year	228,699	147,985
Acquisition of subsidiaries (Note 38(a))	182,449	80,714
At end of year	411,148	228,699

Goodwill was generated from business combination and allocated to each project or a group of projects, which is expected to benefit from the synergies of the combination. Each project or a group of projects is identified as a CGU. Management reviews the business performance and monitors the goodwill on individual CGU basis. The recoverable amount of all CGUs are determined based on fair value less costs of disposal calculations. A post-tax discount rate of 15% was used for the analysis of each CGU in the operating entities as at 31 December 2016 (2015: 14%).

There is no individual CGU, for which the carrying amount of goodwill is significant in comparison with the total carrying amount of goodwill. The goodwill mainly attributed to the segment of property development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

10 Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Joint ventures	24,679,369	10,691,975
Associates	9,873,491	4,568,606
Total	34,552,860	15,260,581

The share of profits from investment recognised in the income statement were as follows:

	2016 RMB'000	2015 RMB'000
Share of profits of joint ventures	588,450	1,501,411
Share of profits of associates	247,644	191,796
Gains from acquisition of investments in joint ventures (Note 10.1(a) (b))	521,115	—
Total	1,357,209	1,693,207

10.1 INVESTMENTS IN JOINT VENTURES

The following table analyses, on an aggregate basis, the movement of the carrying amount of the Group's investments in joint ventures, and the shares of results of these joint ventures:

	2016 RMB'000	2015 RMB'000
At beginning of year	10,691,975	7,927,863
Additions:		
– Capital contributions to joint ventures at establishment	5,634,040	753,923
– Acquisitions of joint ventures (Note (a))	6,401,571	1,471,200
– Additional investments in existing joint ventures (Note (b))	589,008	236,000
– Subsidiaries becoming joint ventures (Note 39)	38,551	1,231,459
– Additions on business combinations (Note 38)	1,261,740	67,840
Disposals:		
– Disposal of investments in joint ventures	(49,869)	(49,995)
– Joint ventures becoming subsidiaries (Note 38)	(28,417)	(1,153,375)
Share of profits of joint ventures, net	588,450	1,501,411
Dividends from joint ventures	(447,680)	(1,294,351)
At end of year	24,679,369	10,691,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

10 Investments accounted for using the equity method *(continued)*

10.1 INVESTMENTS IN JOINT VENTURES *(continued)*

Note:

- (a) During the year ended 31 December 2016, the Group acquired equity interests in several joint ventures, which resulted in a total gain of RMB475.46 million from the differences between the considerations and the fair values of identifiable net assets in the joint ventures acquired.
- (b) During the year ended 31 December 2016, the Group acquired additional equity interests and debts from third parties at total considerations of RMB543.35 million and resulted in a net gain of RMB45.66 million.
- (c) All joint ventures are non-listed companies. A joint venture named Summer Sky Investments Limited is incorporated in Hong Kong, all remaining joint ventures of the Group are incorporated in the PRC.
- (a) The following table lists the principal joint ventures of the Group as at 31 December 2016 and 2015:

Name of joint ventures	Registered capital (RMB' million)	Equity interest % owned by the Group		Principal activities
		31 December 2016	31 December 2015	
*Jiaxing Zhengchuang Investment Partnership (Limited Partnership)	10,001	40%	—	Investment holding
Beijing Sunac Hengyu Real Estate Co., Ltd.	2,500	63%	51%	Real estate development
Tianjin Sunac Huikai Asset Management Co., Ltd.	50	80%	80%	Real estate development
Shanghai Poly Hongrong Real Estate Co., Ltd.	2,000	49%	49%	Real estate development
Tianjin Greentown National Game Village Construction and Development Co., Ltd.	2,500	39.2%	39.2%	Real estate development
*Hangzhou Heming Investment Co., Ltd.	5	50%	—	Investment holding
*Beijing Baxian Real Estate Development Co., Ltd.	120	51%	—	Real estate development
Tianjin TEDA City Development Co., Ltd.	340	47%	47%	Real estate development
*Hangzhou Yuecheng Investment Co., Ltd.	55	50%	—	Investment holding
*Chengdu Lianchuang Rongjin Investment Company limited	60	50%	—	Investment holding

* New joint ventures of the Group acquired or established in 2016.

The Group's control over decisions about the relevant activities requires unanimous consent with other business partners in the joint ventures in accordance with the joint ventures' articles of associations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

10 Investments accounted for using the equity method *(continued)*

10.1 INVESTMENTS IN JOINT VENTURES *(continued)*

(b) Summarised financial information of material joint ventures

Set out below is the summarised financial information for a major joint venture.

Summarised balance sheets

	Joint venture - A	
	2016 RMB'000	2015 RMB'000
Summarised assets and liabilities		
Current assets	15,305,324	21,894,213
Non-current assets	292,088	883
Current liabilities	13,559,793	15,358,594
Non-current liabilities	28,627	5,037,782
Net assets	2,008,992	1,498,720
Included in the above assets and liabilities:		
Cash and cash equivalents	23,268	32,957
Financial liabilities, excluding trade and other payables and provisions		
– Current	4,363,667	1,000,000
– Non-current	—	4,798,717
Summarised profit or loss and other comprehensive income		
Revenue	2,471,210	2,782,269
Net profit	501,482	687,533
Total comprehensive income	501,482	687,533
Included in the above profit or loss:		
Depreciation and amortisation	450	58
Interest income	4,123	2,431
Interest expense	116,836	5,052
Income tax expense	309,777	244,704

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Company's shares of those amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

10 Investments accounted for using the equity method *(continued)*

10.1 INVESTMENTS IN JOINT VENTURES *(continued)*

(c) Reconciliation of summarised financial information

Reconciliation of the above financial information presented to the carrying amount of the Group's interest in the joint venture:

	Joint venture - A	
	2016 RMB'000	2015 RMB'000
Net assets of joint venture	2,008,992	1,498,720
The Group's equity interest share	80%	80%
Carrying amount	1,607,194	1,198,976

Aggregate information of joint ventures that are not individually material:

	2016 RMB'000	2015 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures	23,072,175	9,492,999
The Group's share of post-tax profits, net	187,264	951,385
The Group's shares of total comprehensive income	187,264	951,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

10 Investments accounted for using the equity method (continued)

10.2 INVESTMENTS IN ASSOCIATES

An analysis of the movement of equity investments in associates is as follows:

	2016 RMB'000	2015 RMB'000
At beginning of year	4,568,606	4,120,926
Additions:		
– Capital contribution to an associate established by the Group	497	—
– Investments in new associates (Note (a))	5,641,999	1,593,075
– Investments in associates owned by newly acquired subsidiaries (Note 38)	6,500	—
An associate become a subsidiary	—	(86,975)
Disposal of an associate	—	(18,406)
Share of profit of associates, net	247,644	191,796
Dividends from associates	(591,755)	(1,231,810)
At end of year	9,873,491	4,568,606

All associates of the Group are incorporated in the PRC.

(a) The investments in new associates mainly include:

On 1 November 2016, the Group subscribed 907,029,478 shares of Jinke Property Group Co., Ltd. ("Jinke Property"), which represented approximately 16.96% of the total enlarged issued shares of Jinke Property, in the private share placement of Jinke Property, at a total consideration of RMB4,000 million. Jinke Property is listed on the Shenzhen Stock Exchange. Thereafter, the Group further acquired an aggregate of 220 million shares of Jinke Property at the open market by 31 December 2016. The total shares acquired as at 31 December 2016 represented 21.08% of the total issued shares of Jinke Property as at 31 December 2016. The total consideration payable by the Group for the shares placement and acquisitions Jinke Shares amounted to approximately RMB5,140 million.

As at 31 December 2016 and 2015, the Group had interests in the following principal associates:

Name of associates	Registered capital (RMB million)	Equity interest attributable to the Group		Principal activities
		31 December 2016	31 December 2015	
*Jinke Property	—	21.08%	—	Real estate development
Shanghai Fuyuan Binjiang Development Co., Ltd.	1,320	47%	47%	Real estate development
Tianjin Poly Sunac Investment Co., Ltd.	2,000	49%	49%	Real estate development
Beijing Poly Sunac Real Estate Development Co., Ltd.	2,000	49.5%	49.5%	Real estate development

* New associate of the Group acquired in 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

10 Investments accounted for using the equity method (continued)

10.2 INVESTMENTS IN ASSOCIATES (continued)

(b) Summarised financial information of material associates

Set out below is the summarised financial information for the major associate.

Summarised balance sheets

	Associate - A	
	2016 RMB'000	2015 RMB'000
Summarised assets and liabilities		
Current assets	3,639,316	6,026,574
Non-current assets	61,745	36,307
Current liabilities	1,092,991	2,004,240
Non-current liabilities	—	1,080,000
Net assets	2,608,070	2,978,641
Included in the above assets and liabilities:		
Cash and cash equivalents	428,997	438,809
Financial liabilities, excluding trade and other payables and provisions		
– Current	—	263,588
– Non-current	—	1,080,000

	Associate - A	
	2016 RMB'000	2015 RMB'000
Summarised profit or loss and other comprehensive income		
Revenue	2,326,326	2,697,914
Net profit	508,493	449,333
Total comprehensive income	508,493	449,333
Included in the above profit or loss:		
Depreciation and amortisation	80	199
Interest income	3,507	6,495
Interest expense	28,529	141,170
Income tax expense	321,142	286,370

The information above reflects the amounts presented in the financial statements of the associate, adjusted for differences in accounting policies between the Group and the associate, and not the Company's share of those amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

10 Investments accounted for using the equity method *(continued)*

10.2 INVESTMENTS IN ASSOCIATES *(continued)*

(c) Reconciliation of summarised financial information

Reconciliation of the above financial information presented to the carrying amount of the Group's interests in the associates:

	Associate - A	
	2016 RMB'000	2015 RMB'000
Net assets of associates	2,608,070	2,978,641
The Group's equity interest share	49.5%	49.5%
Carrying amount	1,290,995	1,474,427

Aggregate information of associates that are not individually material:

	2016 RMB'000	2015 RMB'000
Aggregate carrying amount of the Group's interests in these associates	8,582,496	3,094,179
The Group's share of losses, net	(4,060)	(30,624)
The Group's share of total comprehensive income	(4,060)	(30,624)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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11 Deferred income tax

	31 December 2016 RMB'000	31 December 2015 RMB'000
Deferred income tax assets (hereafter "DTA"):		
– to be recovered within 12 months	1,034,724	892,312
– to be recovered after more than 12 months	1,351,258	610,117
	2,385,982	1,502,429
	31 December 2016 RMB'000	31 December 2015 RMB'000
Deferred income tax liabilities (hereafter "DTL"):		
– to be settled within 12 months	782,432	1,327,584
– to be settled after more than 12 months	8,007,939	3,051,828
	8,790,371	4,379,412
DTL - net	6,404,389	2,876,983

The movement on DTA and DTL during the year, without taking into consideration of offsetting of balance within the same tax jurisdiction, is as follows:

(A) DTA

	Unpaid LAT RMB'000	Deductible tax loss RMB'000	Impairment provision for properties RMB'000	Deferred expenses for tax purpose RMB'000	Total RMB'000
At 1 January 2015	991,806	275,933	131,716	52,498	1,451,953
Credited/(charged) to profit or loss	46,703	75,449	28,108	(36,644)	113,616
Acquisition of subsidiaries	77,887	79,327	—	4,851	162,065
Disposal of subsidiaries	(41,327)	(149,922)	(33,022)	(934)	(225,205)
At 31 December 2015	1,075,069	280,787	126,802	19,771	1,502,429
	81,730	211,465	46,308	50,379	389,882
Credited to profit or loss	81,730	211,465	46,308	50,379	389,882
Acquisition of subsidiaries (Note 38)	148,363	285,388	18,902	72,175	524,828
Disposal of subsidiaries (Note 39)	—	(21,834)	(9,323)	—	(31,157)
At 31 December 2016	1,305,162	755,806	182,689	142,325	2,385,982

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For the year ended 31 December 2016

11 Deferred income tax (continued)

(A) DTA (continued)

DTA are recognised for tax losses carry-forward to the extent that the realisation of the related benefit through the taxable profits for the deduction periods according to the PRC tax laws and regulations is probable. Therefore, the Group did not recognise DTA of RMB496 million (2015: RMB227 million) in respect of accumulated losses amounting to RMB1,984 million (2015: RMB907 million) as the Group estimates that the related subsidiaries will not have sufficient tax income to utilise the tax deduction benefits in the future deduction period. Within these accumulated losses, amounts of RMB107 million, RMB292 million, RMB468 million, RMB499 million and RMB618 million, as at 31 December 2016 will expire respectively in 2017, 2018, 2019, 2020 and 2021.

As of 31 December 2016, the Group has deductible temporary differences of RMB763 million (2015: RMB370 million) in respect of which no DTA have been recognised as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

(B) DTL

	Deferred LAT		Deferred corporate income tax			Total
	Fair value surplus at acquisitions RMB'000	Fair value surplus at acquisitions RMB'000	Fair value gains of investment properties RMB'000	Prepaid LAT RMB'000	Dividend tax for PRC entities' distributable profits RMB'000	
At 1 January 2015	3,556,577	1,873,635	3,433	100,574	352,532	5,886,751
(Credited)/charged to profit or loss	—	(247,385)	(3,433)	(89,342)	94,957	(245,203)
Transfer to LAT payable	(548,959)	—	—	—	—	(548,959)
Acquisition of subsidiaries	900,701	883,869	—	127,491	—	1,912,061
Disposal of subsidiaries	(2,173,341)	(434,163)	—	(17,734)	—	(2,625,238)
At 31 December 2015	1,734,978	2,075,956	—	120,989	447,489	4,379,412
(Credited)/charged to profit or loss	—	(722,675)	25,756	110,577	130,743	(455,599)
Transfer to LAT payable	(553,101)	—	—	—	—	(553,101)
Acquisition of subsidiaries (Note 38)	2,985,862	2,559,414	—	3,894	—	5,549,170
Disposal of subsidiaries (Note 39)	(61,024)	(64,593)	—	(3,894)	—	(129,511)
At 31 December 2016	4,106,715	3,848,102	25,756	231,566	578,232	8,790,371

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

12 Available-for-sale financial assets

	31 December 2016 RMB'000	31 December 2015 RMB'000
Unlisted securities		
– Equity securities	160,000	—

In August 2016, the Group acquired 2% equity interest of a company from a third party at the consideration of RMB160 million.

13 Properties under development

	31 December 2016 RMB'000	31 December 2015 RMB'000
Comprising:		
Land use rights costs	84,300,406	23,865,555
Construction costs and capitalized expenditures	13,649,383	5,936,959
Capitalised finance costs	9,111,121	4,390,220
	107,060,910	34,192,734
Less: Provision for loss on realisable values	(98,394)	(50,075)
	106,962,516	34,142,659
Including: To be completed within 12 months	14,246,932	10,910,407
To be completed after 12 months	92,715,584	23,232,252
	106,962,516	34,142,659

The properties under developments (“PUDs”) are all located in the PRC.

As at 31 December 2016, PUDs with net carrying amount of RMB79,529 million (2015: RMB17,550 million) were pledged as collateral for the Group’s borrowings (Note 24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

14 Completed properties held for sale

	31 December 2016 RMB'000	31 December 2015 RMB'000
Completed properties held for sale	24,640,067	16,413,728
Less: Provision for loss on realisable value	(981,405)	(686,599)
	23,658,662	15,727,129

The completed properties held for sale are all located in the PRC.

As at 31 December 2016, certain completed properties held for sale with net carrying amount of RMB2,651 million (2015: RMB6,291 million) were pledged as collaterals for the Group's borrowings (Note 24).

15 Trade and other receivables

	31 December 2016 RMB'000	31 December 2015 RMB'000
Trade receivables (Note (a))	819,863	92,011
Amounts due from non-controlling interests and their related parties (Note (c))	2,304,966	334,024
Amounts due from a business partner in a joint arrangement (Note (b))	678,264	—
Notes receivables	—	200
Other receivables		
– Deposits	1,575,852	212,349
– Payments on behalf of customers	191,331	132,291
– Interest receivable	159,494	22,810
– Cash advance for potential projects	1,806,178	—
– Land costs receivable from government	347,468	—
– Others	614,883	204,474
	8,498,299	998,159
Less: Bad debt provision for other receivables	(81,874)	(27,678)
	8,416,425	970,481

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For the year ended 31 December 2016

15 Trade and other receivables (continued)

Notes:

- (a) As at 31 December 2016 and 2015, the carrying amounts of trade and other receivables were all denominated in RMB and approximated their fair values.

Taking into account of the credit terms agreed in the property sale contract, the ageing analysis of trade receivables primarily arising from sales of properties is as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Within 90 days	293,554	55,160
90 - 180 days	60,206	—
181 - 365 days	64,658	34,521
Over 365 days	401,445	2,330
	819,863	92,011

Trade receivables are analysed as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Fully performing and under credit terms	397,001	79,384
Past due but not impaired	422,862	12,627
	819,863	92,011

During the year ended 31 December 2016, the Group granted a credit period of 3-12 months to certain customers based on individual credit risk assessment.

As the Group normally holds collateral of the properties before collection of full contract amount and transfer of the legal titles to the customers, the Directors are of the view that the past due trade receivables would be recovered and no provision was made as at 31 December 2016.

Besides the past due receivable of property sales, an indirectly owned subsidiary Qingdao Calxon Real Estate Development Co., Ltd. ("Qingdao Calxon"), which was acquired by the Group in December 2016, had a past due substitute construction fee receivable from the government. Qingdao Calxon provided substitute construction service for a Qingdao government investment project. The project was completed in year 2015, and Qingdao Calxon is making final settlement with the government. The Directors are of the view that this past due receivable from the government would be collected after the final settlement and no provision was made as at 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

15 Trade and other receivables (continued)

Notes: (continued)

- (b) According to a cooperation agreement entered into in March 2016, the Group and two independent third parties target to jointly acquire a land use right in Tianjin, the PRC. As of 31 December 2016, the Group has made a total payment of RMB678.26 million for the land use right on behalf of one business partner and therefore was recorded as a receivable. In connection with this cooperation, the business partner has already made a guarantee deposit amounted to RMB500 million to the Group.
- (c) The amounts due from non-controlling interests and their related parties are unsecured, interest free and have no fixed repayment terms.

16 Prepayments

	31 December 2016 RMB'000	31 December 2015 RMB'000
Non-current - Prepayments for equity investments	1,657,285	4,722,036
Current -		
Taxes payment upon pre-sales		
– LAT	1,710,963	1,214,360
– Business tax and surcharges	484,691	697,978
– Corporate income tax	1,116,130	725,876
Input value added tax	378,313	—
Prepayments for land use rights acquisitions	2,106,690	1,465,969
Prepayments for project development costs	131,532	61,897
	5,928,319	4,166,080

As at 31 December 2016 and 2015, the carrying amounts of the Group's prepayments were all denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

17 Restricted cash

	31 December 2016 RMB'000	31 December 2015 RMB'000
Guarantee deposits as reserve for bank loans	12,455,175	3,070,505
Restricted cash from property pre-sale proceeds (Note (a))	5,075,336	1,287,734
Others	196,112	12,771
	17,726,623	4,371,010

Note:

- (a) In certain subsidiaries of the Group, a portion of the proceeds from pre-sale of properties is saved as guarantee bank deposits in accordance with the municipal regulations and is only to be released gradually with the approval of the related government authority when the development of the projects reach certain progress milestones.

18 Cash and cash equivalents

	31 December 2016 RMB'000	31 December 2015 RMB'000
Denominated in RMB	51,570,966	20,528,663
Denominated in USD	93,148	1,896,504
Denominated in HKD	421,936	262,113
	52,086,050	22,687,280

The conversion of RMB denominated balances into foreign currencies, and the remittance of foreign currencies-denominated bank balances and cash out of the PRC are subject to restrictive foreign exchange control rules and regulations.

The Group earns interest on cash at bank, at floating bank deposit rates and there was no bank overdraft in the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

19 Share capital

	Number of shares (thousands)	Shares capital	
		HK\$'000	Equivalent to RMB'000
Ordinary shares of HK\$0.1 each, issued and fully paid:	10,000,000	1,000,000	—
As at 1 January 2015	3,382,196	338,220	289,963
Proceeds from shares issued upon exercise of employees' share options	17,253	1,725	1,366
As at 31 December 2015	3,399,449	339,945	291,329
Proceeds from shares issued upon exercise of employees' share options (Note (a), Note 20)	5,215	522	449
Proceeds from private placement (Note (b))	453,074	45,307	39,630
As at 31 December 2016	3,857,738	385,774	331,408

Note:

- (a) The Company adopted a Post-IPO Share Option Scheme (Note 20(i)) on 29 April 2011 and a 2014 Share Option Scheme (Note 20(ii)) on 19 May 2014 respectively. On 20 June 2016, the Company granted 39,920,000 share options within the 2014 Share Option Scheme.
- (b) In September 2016, the Company entered into a subscription agreement with Sunac International Investment Holdings Ltd. ("Sunac International") (the controlling shareholder of the Company), pursuant to which, the Company allotted and issued 453 million shares, at the subscription price of HK\$6.18 per share. The subscription was completed on 9 November 2016. The total cash consideration received was approximately HK\$2,800 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

20 Share option schemes

(I) POST-IPO SHARE OPTION SCHEME

A Post-IPO Share Option Scheme was approved and adopted by all shareholders of the Company on the annual general meeting held on 29 April 2011 (the "Post-IPO Option Scheme Adoption Date"). As at 31 December 2014, all the share options have been granted within the Post-IPO Share Option Scheme. The options are not conditional on the employees' performance target before an option can be exercised. The Post-IPO share options, once vested, shall be exercisable within a period of six years from the Post-IPO Scheme Adoption Date or the most recent anniversary of the Post-IPO Scheme Adoption Date.

(II) 2014 SHARE OPTION SCHEME

A share option scheme ("2014 Share Option Scheme") was approved and adopted by the shareholders of the Company at the annual general meeting held on 19 May 2014 (the "2014 Share Option Scheme Adoption Date"). The maximum number of shares in respect of which options ("2014 Options") may be granted should not exceed 166,374,246 shares, representing 5% of the total number of shares in issue as at the 2014 Share Option Scheme Adoption Date. The options are to be granted during a grant period of three years from the 2014 Share Option Scheme Adoption Date. Such options will vest in accordance with the following schedule: 30% upon the grant, an additional 30% upon the first anniversary of the 2014 Share Option Scheme Adoption Date and additional 40% upon the second anniversary. The options are not conditional on the employees' performance target before an option can be exercised. The subscription price for each grant should be at least the higher of (1) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets on the grant dates, (2) the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date, and (3) the nominal value of the shares of the Company. The 2014 share options, once vested, shall be exercisable within a period of five years from the 2014 Share Option Scheme Adoption Date or the most recent anniversary of the 2014 Share Option Scheme Adoption Date.

The weighted-average fair value of options granted during the period determined using the Binomial valuation model was HK\$1.65 per option (2015: HK\$2.23). The significant inputs into the model were weighted average share price of HK\$4.56 at the grant date (2015: HK\$7.27), exercise price of HK\$4.62 (2015: HK\$7.27), volatility of 53.12 % (2015: 44.91%), dividend yield of 2.6% (2015: 2.1%), an expected option life of five years, and an annual risk-free interest rate of 0.827% (2015: 1.129%). The expected volatility is determined by calculating the historical volatility of the price of listed companies with similar business to the Group. The expected dividend yield is determined by the Directors based on the expected future performance and dividend policy of the Group. The total expense recognised in the profit or loss for share options granted to directors and employees for the year ended 31 December 2016 was RMB57.89 million (2015: RMB47.40 million) (Note 28).

The Group has no legal or constructive obligation to repurchase or settle all above mentioned options in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

20 Share option schemes (continued)

(II) 2014 SHARE OPTION SCHEME (continued)

Movement in the share options and their related weighted-average exercise prices are as follows:

	2016		2015	
	Average price in HK\$ per share	Options (thousand)	Average price in HK\$ per share	Options (thousand)
At beginning of year	5.00	110,870	3.95	99,434
Granted	4.62	39,920	7.27	33,267
Exercised	2.83	(5,215)	3.34	(17,253)
Expired	7.04	(584)	—	—
Abandoned	5.94	(772)	5.11	(4,578)
At end of year	4.96	144,219	5.00	110,870

As at 31 December 2016, 94,267 thousand shares in Post-IPO Share Option Scheme and 11,517 thousand shares in the 2014 Share Option Scheme were exercisable (2015: 52,640 thousand shares in the Post-IPO Share Option Scheme and 26,214 thousand shares in the 2014 Share Option Scheme).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in HK\$ per share option	Number of share options (thousands)	
		2016	2015
28 April 2017	1.48	11,108	13,058
28 April 2018	2.33	11,591	12,611
28 April 2019	6.32	24,133	24,313
5 June 2019	4.07	26,205	28,042
9 July 2020	7.27	32,001	32,846
20 June 2021	4.62	39,181	—
		144,219	110,870

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

21 Reserves

	Note	Share premium RMB'000	Other RMB'000	Total RMB'000
Year ended 31 December 2015				
At 1 January 2015		2,555,259	647,742	3,203,001
Transaction with non-controlling interests		—	(93,853)	(93,853)
Employees share option scheme:				
– Value of employee services	28	—	47,395	47,395
– Exercise of employees' share options		44,129	—	44,129
Statutory reserve		—	1,548,184	1,548,184
Dividend relating to 2014	42	(644,414)	—	(644,414)
At 31 December 2015		1,954,974	2,149,468	4,104,442
Year ended 31 December 2016				
At 1 January 2016		1,954,974	2,149,468	4,104,442
Transaction with non-controlling interests	37	—	(74,492)	(74,492)
Employees share option scheme:				
– Value of employee services	28	—	57,890	57,890
– Exercise of employees' share options		12,289	—	12,289
Proceeds from private placement		2,409,530	—	2,409,530
Statutory reserve		—	887,110	887,110
Dividend relating to 2015	42	(659,566)	—	(659,566)
At 31 December 2016		3,717,227	3,019,976	6,737,203

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

21 Reserves (continued)

(A) STATUTORY RESERVES

In accordance with the relevant government regulations in the PRC and the provisions of the articles of association of the PRC companies now comprising the Group, 10% of its net profit as shown in the accounts prepared under PRC accounting regulations is required to be appropriated to statutory reserve, until the reserve reaches 50% of the registered capital. Appropriation of statutory reserve must be made before distribution of dividends to equity holders. This reserve shall only be used to make up losses; to expand the entities' production operation; or to increase the capital of the entities. Upon approval by a resolution of equity holders, the entities may convert this reserve into share capital, provided that the unconverted remaining amount of reserve is not less than 25% of the registered capital.

The PRC entities of the Group directly owned by the Group's entities outside the PRC are required, in accordance with relevant rules and regulations concerning foreign investment enterprise established in the PRC and the Articles of Association of these companies, to make appropriations from net profit to the reserve fund and staff and workers' bonus and welfare fund, after offsetting accumulated losses from prior years, and before profit distributions are made to investors. The percentage of profits to be appropriated to the above funds is solely determined by the board of directors of the PRC entities now comprising the Group. For those which are wholly foreign owned enterprises in the PRC, no less than 10% of the profit of each year to the reserve fund is mandatory. The appropriation of the statutory reserve ceases when the accumulated statutory reserve balance reaches 50% of their registered capital.

22 Perpetual capital securities

During the year ended 31 December 2016, certain wholly owned subsidiaries of the Company (the "Instrument issuers") issued six perpetual bonds, among which, one of these perpetual bonds contracts were guaranteed by Sunac Real Estate Group Co., Ltd. (the "Sunac Real Estate"), an indirect wholly owned subsidiary of the Company, and secured using the equity interests of the Instrument issuers. Another perpetual bonds contract was guaranteed by Sunac Real Estate and secured by the equity investments owned by the joint ventures of the Instrument issuers. The perpetual bonds have no maturity date.

The Instrument issuers may elect to defer interest payment, and are not subject to any limit as to the number of times interest payment can be deferred. The perpetual bonds are callable by the Instrument issuers.

The compensation for default under the uncontrollable condition was limited to RMB60 million according to the contracts and was classified as financial liabilities. The aggregate net proceeds of the perpetual bonds, deducting the compensation, amounted to RMB9,827.9 million. As the perpetual bonds only impose contractual obligations on the Group to repay principal or to pay any distribution under certain circumstances, which are at Group's discretion, they have in substance offered the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligation. Therefore, the net proceeds of the perpetual bonds are classified as capital instruments presented in the equity of the Group. The accrual of respective nominal interests according to the bond terms are treated as distribution to the holders of these perpetual capital instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

23 Trade and other payables

	31 December 2016 RMB'000	31 December 2015 RMB'000
Trade payables (Note (a))	12,590,923	7,303,339
Un-paid considerations for equity acquisitions	21,050,567	1,031,517
Amounts due to non-controlling interests (Note (b))	1,078,749	206,777
Cash advanced from a business partner	259,555	—
Notes payables	120,381	193,495
Interests payable	1,115,493	416,012
Advanced deed tax from customers	345,592	243,707
Other taxes payable	1,213,390	462,031
Payroll and welfare payables	588,663	210,160
Deposits received	2,255,248	386,874
Others	794,774	490,038
	41,413,335	10,943,950

Note:

- (a) At 31 December 2016, the ageing analysis at the trade payable is performed based on the date of the liability recognition on accrual basis. The ageing analysis of the Group's trade payables is as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Within 90 days	6,294,239	4,628,637
90-180 days	820,408	581,236
181-365 days	1,668,365	354,035
Over 365 days	3,807,911	1,739,431
	12,590,923	7,303,339

- (b) The amounts due to non-controlling interests are unsecured, interest free and have no fixed repayments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

24 Borrowings

	31 December 2016 RMB'000	31 December 2015 RMB'000
Non-current		
Secured,		
– Bank borrowings	31,178,520	23,094,089
– Other borrowings	35,732,344	1,520,000
– Senior notes (Note (a))	2,758,441	8,389,829
– Asset-backed securities (Note (d))	3,171,847	—
	72,841,152	33,003,918
Unsecured,		
– Bank borrowings	76,000	—
– Other borrowings	3,611,230	—
– Corporate bonds (Note (b))	9,921,436	5,967,000
– Private domestic corporate bonds (Note (c))	14,816,878	—
	101,266,696	38,970,918
Less: Current portion of long-term borrowings (Note (e) (i))	(21,067,014)	(11,756,678)
	80,199,682	27,214,240
Current		
Secured,		
– Bank borrowings	6,679,423	1,481,715
– Other borrowings	4,741,200	1,300,000
– Asset-backed securities (Note (d))	110,700	—
	11,531,323	2,781,715
Unsecured,		
– Other borrowings	46,000	46,000
	11,577,323	2,827,715
Current portion of long-term borrowings (Note (e) (i))	21,067,014	11,756,678
	32,644,337	14,584,393
Total borrowings	112,844,019	41,798,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

24 Borrowings (continued)

(A) SENIOR NOTES

The Company issued senior notes ("Senior Notes") on the Singapore Exchange Securities Trading Limited, payable semi-annually in arrears. As at 31 December 2016, the issue date, principal and interest rate of the outstanding Senior Notes were shown as below:

Issue date	Maturity	Principal USD million	Interest rate
5 December 2014	5 years	400	8.75%

According to the term of the Senior Notes, at any time and from time to time on or after 5 December 2017, the Company may redeem the Senior Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interests, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on 5 December of each of the years indicated below respectively.

The redemption prices are shown as below:

Redemption time	Redemption prices
USD400 million:	
Prior to 5 December 2017	
– Redemption up to 35%	108.75%
– Redemption in whole but not in part (Note (i))	100%+ customary make-whole premium
5 December 2017 to 31 December 2017	104.4%
2018 and beyond	102.2%

Note (i): The customary make-whole premium is the greater of (1) 1% of the principal amount and (2) the excess of the present value of 104.4% of the principal plus the accrued and unpaid interest amount for the period from the redemption date to 5 December 2017 over the principal amount at the redemption.

These early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors are of the view that the fair value of the above early redemption option is not material on initial recognition and as at 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

24 Borrowings (continued)

(B) CORPORATE BONDS

Sunac Real Estate issued corporate bonds (the "Corporate Bonds") on the Shanghai Stock Exchange, payable annually in arrears. The issued dates, principals and interest rates are shown as below:

Issue dates	Principal RMB 000	Interest rate	Maturity
15 August 2015	2,500,000	4.50%	5 years
15 August 2015	2,500,000	5.70%	5 years
1 September 2015	1,000,000	4.48%	5 years
16 August 2016	1,200,000	3.44%	5 years
16 August 2016	2,800,000	4.00%	7 years
	10,000,000		

Except for the bond issued on 15 August 2015 with the interest rate of 5.7%, all the other Corporate Bonds are with the issuer's option to raise the coupon rate and the investors' option to sell back the bonds at the end of the third or fifth years.

The underwriting fees of the Corporate Bonds were charged at 0.3%~0.6% of the issue size. The net proceeds from Corporate Bonds issued in 2016 after deducting the direct issuance costs, amounted to RMB3,988 million.

The options embedded in the Corporate Bonds were not closely related to the host contracts and were recognised at fair value at the respective issue date and 31 December 2016. (Note 25(b))

(C) PRIVATE DOMESTIC CORPORATE BONDS

During the year ended 31 December 2016, Sunac Real Estate issued private domestic corporate bonds on Shanghai Stock Exchange and Shenzhen Stock Exchange. The details are shown as below:

Issue date	Principal amount RMB'000	Interest rate	Maturity
21 January 2016	1,500,000	5.20%	4 years
22 January 2016	5,000,000	6.39%	7 years
7 March 2016	3,500,000	5.40%	5 years
3 May 2016	2,700,000	5.85%	6 years
13 June 2016	2,300,000	5.45%	6 years
	15,000,000		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

24 Borrowings (continued)

(C) PRIVATE DOMESTIC CORPORATE BONDS (continued)

The net proceeds after deducting the direct issuance costs, amounted to RMB14,947 million. All the private domestic corporate bonds are with the issuer's option to raise the coupon rate and the investors' option to sell back the bonds at the end of the second, third or fifth years.

The options embedded were not closely related to the host contracts and were recognised at fair value at the issue date and 31 December 2016. (Note 25(b))

(D) ASSETS-BACKED SECURITIES

Sunac Property Management Service Group Co., Ltd, a wholly owned subsidiary of the Company engaged in property management services in the PRC, and Sunac Real Estate entered into asset-backed special agreements with third-party financing institutions in the form of asset securitisation. These asset-backed securities are backed by the right of receipt of the property management service fee with a principal amount of RMB1,158 million and the certain contract receivables rights of property sales with a principal amount of RMB2,400 million respectively. The asset-backed securities have respective fixed repayment dates, bearing interest rate ranging from 4.28% to 5.7% per annum. The securities were guaranteed by Sunac Real Estate.

(E) LONG-TERM BORROWINGS

(i) As at 31 December 2016, included in long-term borrowing, RMB35,608 million (2015: RMB2,766 million) of borrowings for property development projects will be due for repayment upon an aggregated 20% - 80% pre-sale status in term of gross floor area of the respective projects were achieved. Based on the management's sales forecast, RMB10,280 million (2015: RMB491 million) of borrowings will be due for repayment in the year ending 31 December 2017 and are included in current liabilities.

(ii) The Group's long-term borrowings as at 31 December 2016 were repayable as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Between 1 and 2 years	27,565,333	8,514,824
Between 2 and 5 years	39,623,359	18,699,416
Over 5 years	13,010,990	—
	80,199,682	27,214,240

The weighted-average effective interest rates for the year ended 31 December 2016 was 5.98% (2015: 7.6%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

24 Borrowings (continued)

(E) LONG-TERM BORROWINGS (continued)

- (iii) Fair value of financial liabilities is not measured at fair value on a recurring basis (but fair value disclosures are required).

The carrying amounts of bank borrowings, borrowings from other financial institutions are approximate their fair values. The fair values of Senior Notes as at 31 December 2016 amounted to RMB2,997 million, which were calculated based on the market price of the traded senior notes at the balance sheet date. The fair values of Corporate Bonds and private domestic corporate bonds as at 31 December 2016 amounted to RMB25,606 million, which were calculated based on the active market price at the balance sheet date. The fair values of Senior Notes are within level 2 of the fair value hierarchy and the fair values of Corporate Bonds are within level 1 of the fair value hierarchy.

- (iv) The exposure of the Group's borrowings with variable interest rates to interest-rate changes and the contractual re-pricing dates are as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000
6 months or less	7,873,868	12,201,428
7 -12 months	19,175,866	5,731,950
	27,049,734	17,933,378

- (v) As at 31 December 2016, the Group's borrowings of RMB84,372 million (2015: RMB35,786 million) were secured or joint secured by the Group's properties under development and completed properties held for sale with total carrying amount of RMB82,180 million (2015: RMB23,841 million), and the Group's certain equity interests of certain subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

24 Borrowings (continued)

(F) MOVEMENT IN BORROWINGS

	RMB'000
Year ended 31 December 2016	
At 1 January 2016	41,798,633
Additions	112,216,592
Disposal of subsidiaries (Note 39)	(3,329,000)
Acquisition of subsidiaries (Note 38)	12,506,366
Repayments	(51,043,865)
Fair values of derivative financial instruments	(233,384)
Adjustment of financial costs using effective interest rates	178,327
Exchange loss	750,350
At 31 December 2016	112,844,019
Year ended 31 December 2015	
At 1 January 2015	34,383,795
Additions	34,592,153
Disposal of subsidiaries	(7,495,095)
Acquisition of subsidiaries	5,420,790
Repayments	(26,247,463)
Adjustment of financial costs using effective interest rate	136,753
Exchange loss	1,007,700
At 31 December 2015	41,798,633

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

	31 December 2016 RMB'000	31 December 2015 RMB'000
RMB	107,421,759	22,749,832
HKD	—	176,436
USD	4,579,276	18,872,365
EUR	842,984	—
Total	112,844,019	41,798,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

25 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The change of fair value is recognised immediately in profit or loss.

- (a) As at 31 December 2016, the currency derivative contracts comprised various contracts with nominal amount totalling USD600 million (2015: Nil), the settlement dates of which are between January and April 2019. The derivative contracts were not designated as hedging instruments. According to the contracts, the Group will be able to buy USD nominal amount at the agreed strike price with CNY on the settlement date. As at 31 December 2016, fair value of the currency derivative contracts were RMB105.36 million. Comparing with the initial recognition date, the fair value of the financial assets increased by RMB55.09 million, which resulted in a gain.
- (b) As at 31 December 2016, fair values of the options embedded in corporate bonds and private domestic corporate bonds were RMB119.12 million and RMB68.66 million respectively. Comparing with the initial recognition date, the fair value of the financial liabilities decreased by RMB45.6 million, which was recognised as a gain.

26 Expenses by nature

	2016 RMB'000	2015 RMB'000
Costs of completed properties sold	28,237,771	18,384,161
Business tax and related surcharges (Note 27)	1,289,025	1,266,692
Staff costs (Note 28)	1,046,301	616,745
Impairment provision for properties	380,448	45,433
Impairment of receivables	225,902	26,800
Advertisement and promotion costs	347,799	337,126
Consulting expenses	163,272	145,516
Depreciation and amortisation	35,107	27,938
Auditors' remunerations		
– Audit services	16,000	8,764
– Non-audit services	10,676	14,613

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

27 Business tax and value-added tax ("VAT") and related surcharges

From 1 January 2016 to 30 April 2016, sales of properties and property management service income of the PRC companies of the Group were subject to business tax of 5%.

Prior to 1 May 2016, the Group's service revenue was subject to business tax. According to the related China tax regulations issued in 2016, the service revenue is subject to value added tax ("VAT") from 1 May 2016 and is no longer subject to business tax.

The PRC companies of the Group are subject to business tax on their revenues at the following rates:

Type	Tax rate	Tax base
a) Business tax	5%	– Sales of properties
	5%	– Rental income
	5%	– Property management services revenue
b) VAT	5%/11%	– Sales of properties
	5%	– Rental income
	6%	– Property management services revenue
c) Urban construction and maintenance tax	7%	– Business tax paid
d) Education surcharge	3%	– Business tax paid
e) Local education surcharge	0%-2%	– Business tax paid
f) Anti-flood fund	0%-2%	– Business tax paid

28 Employee benefit expenses

	2016 RMB'000	2015 RMB'000
Wages and salaries	840,089	458,109
Pension costs	95,217	67,392
Staff welfare	53,105	43,849
Share options granted to directors and employees (Note 20)	57,890	47,395
	1,046,301	616,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

29 Other income and gains

	2016 RMB'000	2015 RMB'000
Gains from business combinations (Note 38)	1,693,354	702,875
Gains from disposals of subsidiaries (Note 39)	271,880	1,857,061
Gain on disposal of joint ventures and associates	22,705	172,967
Gain from arrangement of assignment of debt	—	150,000
Fair value gains on derivative financial instruments (Note 25)	100,696	—
Interest income (Note (a))	873,696	1,000,644
Others	317,943	228,443
	3,280,274	4,111,990

(a) Details of interest income are as follows:

	2016 RMB'000	2015 RMB'000
Interest income from related companies (Note 40)	778,736	590,089
Other interest income	94,960	410,555
	873,696	1,000,644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30 Other expenses and losses

	2016 RMB'000	2015 RMB'000
Loss from disposal of a subsidiary (Note 39)	—	147,791
Losses from disposal of investment properties	—	81,284
Others	22,690	36,553
	22,690	265,628

31 Finance income and expenses

	2016 RMB'000	2015 RMB'000
Interest expenses	4,161,660	2,908,656
Other finance costs	317,408	39,763
Less: Capitalised finance costs	(2,007,466)	(1,227,932)
	2,471,602	1,720,487
Exchange loss	718,986	800,088
	3,190,588	2,520,575
Finance income:		
– Interest income on bank deposits	(392,232)	(123,521)
Net finance expenses	2,798,356	2,397,054

The capitalisation rate used to determine the amount of the interests incurred eligible for capitalisation in 2016 was 5.98% (2015: 7.6%).

32 Income tax expenses

	2016 RMB'000	2015 RMB'000
Corporate income tax ("CIT")		
– Current income tax	1,612,025	1,667,990
– Deferred income tax	(845,481)	(358,819)
	766,544	1,309,171
LAT	703,894	(353,863)
	1,470,438	955,308

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For the year ended 31 December 2016

32 Income tax expenses (continued)

(A) CIT

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted-average tax rate applicable to profits of the consolidated entities as follows:

	2016 RMB'000	2015 RMB'000
Profit before income tax	4,408,797	4,563,711
Income tax calculated at the applicable income tax rates in respective countries or regions	1,293,925	1,586,767
LAT	(175,973)	88,466
Share of profits of investments accounted for using equity method	(347,816)	(415,435)
Other income and gains not subject to tax	(378,718)	(158,270)
Tax on losses for which no DTA were recognised	141,657	94,541
Tax on temporary differences for which no DTA were recognised	68,194	7,452
Utilisation of tax losses with no DTA recognition	(45,087)	—
Tax write-back on temporary differences with no DTA recognition	(36,106)	(18,388)
Write-off of DTA	101,717	—
Non-deductible expenses	14,008	29,079
Dividends tax for distributable profits of PRC subsidiaries and a joint venture	130,743	94,959
	766,544	1,309,171

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or regions in which the Group operates.

Pursuant to the applicable rules and regulations of Cayman Islands and British Virgin Islands ("BVI"), the Company and the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25%.

In accordance with the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in the PRC. The Group is therefore liable to withholding taxes on dividends distributable by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

32 Income tax expenses (continued)

(B) LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures. LAT is included in the income statement as income tax expense.

33 Earnings per share

(A) BASIC

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the year.

	2016	2015
Profit attributable to owners of the parent company (RMB'000)	2,478,353	3,297,828
Weighted-average number of ordinary shares in issue (thousand)	3,467,309	3,394,387

(B) DILUTED

Diluted earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	2016	2015
Profit attributable to owners of the parent company (RMB'000)	2,478,353	3,297,828
Weighted-average number of ordinary shares in issue (thousand)	3,467,309	3,394,387
Adjusted for share options (thousand)	25,102	34,558
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	3,492,411	3,428,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

34 Cash used in operations

	Note	2016 RMB'000	2015 RMB'000
Profit before income taxes		4,408,797	4,563,711
Adjustments for:			
– Finance costs	31	3,190,588	2,520,575
– Gains from disposals of subsidiaries	29	(271,880)	(1,857,061)
– Gains on disposals of joint ventures and associates	29	(22,705)	(172,967)
– Gains from business combinations	29	(1,693,354)	(702,875)
– Gains from acquisitions of investments in joint ventures	10	(521,115)	(126,622)
– Loss from disposal of a subsidiary	30	—	147,791
– Fair value gains on derivative financial instruments	29	(100,696)	—
– Amortisation of intangible assets		302	226
– Depreciation	7	34,805	27,712
– Share of profits of joint ventures and associates	10	(836,094)	(1,693,207)
– Interest income	29	(873,696)	(1,000,644)
– Value of employee services	28	57,890	47,395
– Gain on disposal of PP&E		—	(349)
– Losses from disposal of investment properties	30	—	81,284
Changes in working capital			
– Restricted cash advances from pre-sale of properties		(2,420,832)	45,164
– Properties under development and completed properties held for sale, net		(20,960,584)	10,939,546
– Trade and other receivables and prepayments		3,458,153	1,303,393
– Advanced proceeds from customers		10,062,517	(3,801,252)
– Trade and other payables		(1,718,115)	(2,697,565)
– Amount due from/to related companies, net		16,236,654	10,046,598
Cash generated from operations		8,030,635	17,670,853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

35 Commitments

(A) Property development expenditures at the balance sheet date but not yet incurred is as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Property development expenditures		
– Contracted but not provided for	15,388,260	4,643,498

(B) Equity investments

	31 December 2016 RMB'000	31 December 2015 RMB'000
– Contracted but not provided for	1,230,052	247,228
	16,618,312	4,890,726

(C) OPERATING LEASE COMMITMENTS

The future aggregate minimum lease rental expense in respect of certain office buildings under non-cancellable operating leases contracts are payable in the following periods:

	31 December 2016 RMB'000	31 December 2015 RMB'000
No later than 1 year	21,128	6,352
Later than 1 year and no later than 5 years	38,174	19,749
Later than 5 years	3,642	—
	62,944	26,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

36 Contingent liabilities

(A) GUARANTEE ON MORTGAGE FACILITIES

The Group and the Company had the following contingent liabilities in respect of financial guarantees on mortgage facilities:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	11,379,423	4,879,760

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months of the properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting 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 mortgage. The directors consider that the likelihood of default of payments by purchasers is minimal.

In addition, the Group had provided guarantees for certain joint ventures and associates for their borrowings amounted to RMB14.64 billion (2015: RMB10.36 billion) together with the business partners on pro rata basis.

37 Transactions with non-controlling interests

The following transactions with non-controlling interests resulted in the total decrease in non-controlling interests of RMB1.76 million.

- (a) In January 2016, the Group completed the acquisition of additional 15% equity interest of a 85% owned subsidiary, Wuxi Greentown Real Estate Development Co., Ltd. This transaction resulted in a decrease in non-controlling interest of RMB29.37 million and an increase in net assets attributable to the owners of the Company of RMB11.95 million.
- (b) As at 1 January 2016, Shanghai Fengdan Lische Estate Development Co., Ltd. ("Fengdan") was a 62.145% owned subsidiary of the Company. In May 2016, the Group acquired an additional 37.855% equity interest and its debts due to non-controlling interests at a total consideration of RMB1,324.9 million. This transaction resulted in an increase in non-controlling interest of RMB41.16 million. Currently Fengdan invested in a property project in Shanghai through a joint venture. The excess of the consideration over the carrying value of the non-controlling interests of Fengdan was considered as attributable to the land use right acquisition costs.
- (c) In December 2016, the Group completed the acquisition of additional 5% equity interest of a 95% owned subsidiary, Tianjin Tuanbohu Jiari Construction Co., Ltd. This transaction resulted in a decrease in non-controlling interest of RMB13.56 million and a decrease in net assets attributable to the owners of the Company of RMB86.44 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

38 Business combination

(A) ACQUISITIONS OF SUBSIDIARIES

In 2016, the major acquisitions of new subsidiaries are summarized as follows:

	Wuhan Xinghaiyuan	Suzhou Der Taihu Bay	Chongqing Hezhong Lianyi	Top Spring entities	Qingdao Calxon	Raycom entities	Hubei Changyuan	Zhongshan Weili	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note(ii))	(Note(ii))	(Note(iii))	(Note(iv))	(Note(v))	(Note(vi))	(Note(vii))	(Note(viii))		
Fair value of total interests acquired	432,375	1,771,577	37,889	4,521,956	3,623,930	16,502,674	649,874	178,544	6,694,894	34,413,713
Cash considerations for acquisition of										
– equity interests	233,573	724,459	17,375	2,119,130	3,662,000	3,757,863	700,000	256,043	5,383,794	16,854,237
– debts due to shareholders	—	685,541	—	2,106,100	—	12,003,571	—	—	1,224,942	16,020,154
Previously held interests	—	—	28,417	—	—	—	—	—	—	28,417
	233,573	1,410,000	45,792	4,225,230	3,662,000	15,761,434	700,000	256,043	6,608,736	32,902,808
Gains from acquisition of new subsidiaries	198,802	361,577	—	296,726	—	741,240	—	—	95,009	1,693,354
Goodwill from acquisition of new subsidiaries	—	—	7,903	—	38,070	—	50,126	77,499	8,851	182,449

Note:

- (i) Wuhan Xinghaiyuan Real Estate Development Co., Ltd. (“Wuhan Xinghaiyuan”)

In February 2016, the Group acquired 90% equity interest of Wuhan Xinghaiyuan at a total consideration equivalent to RMB233.57 million.

- (ii) Suzhou Der Taihu Bay Properties Co., Ltd. (“Suzhou Der Taihu Bay”)

In February 2016, the Group acquired from third parties the entire equity interest of a company named Suzhou Der Taihu Bay and its respective debts due to the former shareholders at a total amount equivalent of RMB1,410 million.

- (iii) Chongqing Hezhong Lianyi Investment Co., Ltd. (“Chongqing Hezhong Lianyi”)

In January 2016, the Group acquired an additional 25% equity interest of a previously 75% owned joint venture of the Company, Chongqing Hezhong Lianyi, at a consideration of RMB17.375 million. Upon completion of the transaction, Chongqing Hezhong Lianyi became a wholly owned subsidiary of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

38 Business combination *(continued)*

(A) ACQUISITIONS OF SUBSIDIARIES *(continued)*

- (iv) Seven entities from Top Spring International Holdings Limited (“Top Spring”)

In September 2016, the Group acquired the entire equity interests and debts of seven entities held by Top Spring at the total consideration of RMB4,225 million, which were engaged in real estate property development in Nanjing, Shanghai, Huizhou, Shenzhen and Hangzhou.

- (v) Qingdao Calxon Real Estate Development Co., Ltd. (“Qingdao Calxon”)

In December 2016, the Group acquired Qingdao Calxon from a third party at the total consideration of RMB3,662 million.

- (vi) Real estate companies of Legend Holdings Corporation (“Raycom Entities”)

The Group acquired from Legend Holdings Corporation its equity interest and debts in 35 companies in November and December 2016, at the total consideration of RMB15,761 million. Upon completion of the transactions, 34 companies became subsidiaries of the Group, 1 company became an associate of the Group.

- (vii) Hubei Changyuan Real Estate Development Co., Ltd. (“Hubei Changyuan”)

In October 2016, the Group acquired the entire equity interest of a company named Hubei Changyuan at a consideration of RMB700 million.

- (viii) Zhongshan Weili Real Estate Development Co., Ltd. (“Zhongshan Weili”)

In December 2016, the Group acquired 80% equity interest of a real estate company named Zhongshan Weili from a third party at a consideration of RMB256 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

38 Business combination (continued)

- (b) The fair value of the identifiable assets and liabilities and cash and cash equivalent impact arising from the acquisitions of subsidiaries in the above transactions are summarized as follows:

In 2016, the major acquisitions of new subsidiaries are summarized as follows:

	Wuhan Xinghaiyuan RMB'000	Suzhou Der Taihu Bay RMB'000	Chongqing Hezhong Lianyi RMB'000	Top Spring entities RMB'000	Qingdao Calxon RMB'000	Raycom entities RMB'000	Hubei Changyuan RMB'000	Zhongshan Weili RMB'000	Others RMB'000	Total RMB'000
<i>(1) Fair value of net assets</i>										
Non-current assets										
PP&E	—	—	—	19,935	537	452,532	—	3,547	13,312	489,863
Intangible assets	—	—	—	707	—	8,180	—	—	74	8,961
Investment properties	—	—	—	—	—	170,046	—	—	486,000	656,046
Investment in joint ventures	—	—	37,758	—	—	973,982	—	—	250,000	1,261,740
Investment in associates	—	—	—	—	—	6,500	—	—	—	6,500
DTA	—	212	—	987	172,406	319,009	—	—	32,214	524,828
Current assets										
PUD	1,451,000	2,909,000	—	6,212,000	7,706,000	19,039,099	1,314,000	651,000	9,710,528	48,992,627
Completed properties held for sale	—	—	—	—	2,602,000	7,203,636	—	—	1,272,589	11,078,225
Trade and other receivables	25,048	22	—	546,799	1,090,718	6,489,891	7,098	896	507,316	8,667,788
Prepayment	—	—	—	—	—	1,564,087	—	—	—	1,564,087
Amounts due from related companies	—	—	205,800	—	—	381,083	—	—	625,334	1,212,217
Restricted cash	—	—	—	—	568,770	1,106,302	—	—	23,427	1,698,499
Cash and cash equivalents	—	14	931	490,523	2,055	6,820,437	102	3,074	704,107	8,021,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

38 Business combination (continued)

- (b) The fair value of the identifiable assets and liabilities and cash and cash equivalent impact arising from the acquisitions of subsidiaries in the above transactions are summarized as follows: (continued)

	Wuhan Xinghaiyuan RMB'000	Suzhou Der Taihu Bay RMB'000	Chongqing Hezhong Lianyi RMB'000	Top Spring entities RMB'000	Qingdao Calxon RMB'000	Raycom entities RMB'000	Hubei Changyuan RMB'000	Zhongshan Weili RMB'000	Others RMB'000	Total RMB'000
Non-current liabilities										
Borrowings	(448,800)	—	—	(1,714,310)	(1,250,000)	(6,671,500)	—	—	(1,166,256)	(11,250,866)
DTL	(113,183)	(1,137,158)	—	(381,849)	(2,053,288)	(883,741)	(580,694)	(355,727)	(43,530)	(5,549,170)
Current liabilities										
Trade and other payables	(433,648)	(507)	—	(95,420)	(3,383,685)	(8,175,119)	(90,632)	(16,771)	(4,284,234)	(16,480,016)
Advanced proceeds from customers	—	—	—	(557,416)	(1,278,278)	(8,962,429)	—	—	(461,736)	(11,259,859)
Amounts due to related companies	—	—	(206,600)	—	—	(253,540)	—	(62,913)	(854,866)	(1,377,919)
Borrowings	—	—	—	—	(507,000)	(748,500)	—	—	—	(1,255,500)
Current income tax liabilities	—	(6)	—	—	(46,305)	(1,082,772)	—	74	(92)	(1,129,101)
Net assets	480,417	1,771,577	37,889	4,521,956	3,623,930	17,757,183	649,874	223,180	6,814,187	35,880,193
Less: Non-controlling interests	(48,042)	—	—	—	—	(1,254,509)	—	(44,636)	(119,293)	(1,466,480)
Fair value of the net assets acquired*	432,375	1,771,577	37,889	4,521,956	3,623,930	16,502,674	649,874	178,544	6,694,894	34,413,713
<i>(2) Cash impact</i>										
Considerations settled by cash	(202,360)	(1,410,000)	(9,500)	(4,096,517)	(1,831,000)	(2,960,000)	(700,000)	(256,043)	(5,648,436)	(17,113,856)
Cash and cash equivalents in the subsidiaries acquired	—	14	931	490,523	2,055	6,820,437	102	3,074	704,107	8,021,243
Net cash impact	(202,360)	(1,409,986)	(8,569)	(3,605,994)	(1,828,945)	3,860,437	(699,898)	(252,969)	(4,944,329)	(9,092,613)

- * For the acquired business, management engaged independent valuers in assisting the valuations of the identifiable assets and the liabilities as at the respective acquisition dates. The Group uses its judgement to select a variety of methods according to the status of the properties, and make assumptions based on market conditions existing at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

39 Disposal of subsidiaries

The Group's major disposals of subsidiaries during the year ended 31 December 2016 are summarized as follows:

	Shanghai Ruifeng RMB'000 (Note (a))	Shanghai Fengming RMB'000 (Note (b))	Chengdu Jiye RMB'000 (Note (c))	Total RMB'000
Consideration satisfied by cash	45,000	648,583	4,000	697,583
Fair value of the remaining equity interest held by the Group at disposal (Note 10.1)	40,901	—	(2,350)	38,551
Carrying value of the equity owned by the Group	(74,365)	(393,806)	3,917	(464,254)
Gains on the disposals (Note 29)	11,536	254,777	5,567	271,880

The following table set out a summary of the financial impacts:

	Shanghai Ruifeng RMB'000	Shanghai Fengming RMB'000	Chengdu Jiye RMB'000	Total RMB'000
Gains from disposal of subsidiaries	11,536	254,777	5,567	271,880

Note:

- In May 2016, the Group disposed of 45% equity interest of Shanghai Sunac Ruifeng Investment Co., Ltd. ("Shanghai Ruifeng") to a third party at a consideration of RMB45 million. Upon completion of the disposal, Shanghai Ruifeng became a 55% owned joint venture of the Group.
- In December 2016, the Group disposed 100% equity interest of Everbright Property Development Shanghai Co., Ltd. ("Shanghai Fengming") to a third party at a consideration of RMB648.58 million.
- In December 2016, the Group disposed 40% equity interest of Chengdu Sunac Jiye Real Estate Development Co., Ltd. ("Chengdu Jiye") to a third party at a consideration of RMB4 million. Upon completion of disposal, Chengdu Jiye became a 60% owned joint venture of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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39 Disposal of subsidiaries (continued)

(d) The carrying values of the equity interests owned by the Group as at the disposal dates are summarised as follows:

	Shanghai Ruifeng RMB'000	Shanghai Fengming RMB'000	Chengdu Jiye RMB'000	Total RMB'000
Non-current assets				
PP&E	28	—	258	286
Intangible assets	—	—	24	24
DTA	1,050	—	30,107	31,157
Prepayments	5,457,151	—	—	5,457,151
Investment in joint ventures	14,454	—	—	14,454
Current assets				
PUD	545	515,595	978,944	1,495,084
Completed properties held for sale	—	3,463	788,967	792,430
Trade and other receivables	6,800	353,617	31,892	392,309
Amounts due from related companies	2,062,241	99,737	304,639	2,466,617
Cash and cash equivalents	309,891	216	42,715	352,822
Non-current liabilities				
Borrowings	(1,988,000)	(435,000)	(906,000)	(3,329,000)
DTL	—	(121,475)	(8,036)	(129,511)
Current liabilities				
Trade and other payables	(1,281,470)	(632)	(169,962)	(1,452,064)
Advanced proceeds from customers	—	—	(366,396)	(366,396)
Amount due to related parties	(4,510,613)	—	(701,037)	(5,211,650)
Borrowings	—	—	—	—
Current income tax liabilities	2,288	(21,715)	(30,032)	(49,459)
Net assets/(liabilities)	74,365	393,806	(3,917)	464,254
Less: Non-controlling interests	—	—	—	—
Carrying value of the equity interest owned by the Group	74,365	393,806	(3,917)	464,254

(e) The cash impact arising from the disposals in above transactions are summarized as follows:

	Shanghai Ruifeng RMB'000	Shanghai Fengming RMB'000	Chengdu Jiye RMB'000	Total RMB'000
Cash consideration received as of 31 December 2016	45,000	648,583	4,000	697,583
Cash of the subsidiaries disposed	(309,891)	(216)	(42,715)	(352,822)
Net cash impact	(264,891)	648,367	(38,715)	344,761

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

40 Related party transactions

(A) NAME AND RELATIONSHIP WITH RELATED PARTIES

Name	Relationship with the Company
Sunac International	Immediate Controlling shareholder of the Company
Mr. Sun Hongbin	Ultimate controlling party of the Company and the chairman of the Board of Directors of the Company

(B) TRANSACTIONS WITH RELATED PARTIES

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions entered into the ordinary course of business between the Group and the related parties:

(1) Cash advances

	Years ended 31 December	
	2016 RMB'000	2015 RMB'000
Cash paid to joint ventures and associates	(50,141,620)	(16,704,027)
Cash received from joint ventures and associates	59,803,069	22,231,186
	9,661,449	5,527,159

(2) Interest income

	Years ended 31 December	
	2016 RMB'000	2015 RMB'000
Interest income from joint ventures	778,736	578,520
Interest income from associates	—	11,569
	778,736	590,089

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

40 Related party transactions (continued)

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Years ended 31 December	
	2016 RMB'000	2015 RMB'000
Salaries and other short-term benefits	36,906	24,177
Share-option scheme	16,630	19,142
	53,536	43,319

(D) RELATED PARTIES BALANCES

	31 December 2016 RMB'000	31 December 2015 RMB'000
	Amounts due from joint ventures	
– Interest free	24,083,350	5,763,589
– Interest bearing	10,772,795	4,536,783
– Interest receivable	1,324,206	978,818
	36,180,351	11,279,190
Amounts due from associates		
– Interest free	1,205,346	260,304
– Interest bearing	373,958	34,765
– Interest receivable	159,437	85,790
	1,738,741	380,859
	37,919,092	11,660,049
Amounts due to joint ventures	48,084,803	13,513,680
Amounts due to associates	3,586,308	4,699,242
	51,671,111	18,212,922

The amounts due from joint ventures and associates almost have no fixed repayment date, bearing interest rate at 4.35% to 11% per annum for the year ended 31 December 2016.

The amounts due to joint ventures and associates are unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

42 Dividends

The dividends paid in 2016 and 2015 were RMB660 million (RMB0.194 per share) and RMB644.4 million (RMB0.19 per share) respectively. A dividend in respect of the year ended 31 December 2016 of RMB0.257 per share, amounting to a total dividend of RMB991 million, is to be proposed at the annual general meeting. These financial statements did not reflect this dividend payable.

	Year ended 31 December	
	2016 RMB'000	2015 RMB'000
Interim dividend paid of RMB0 (2015: Nil) per ordinary share	—	—
Proposed final dividend of RMB0.257 (2015: RMB0.194) per ordinary share	991,341	659,566

43 Events after the balance sheet date

(1) ACQUISITION OF CHENGDU PROJECTS

On 6 January 2017, a wholly owned subsidiary of the Company entered into two equity transfer agreements with independent third parties, pursuant to which the Group will acquire from the third parties their owned entire equity interests and debts of two companies currently engaged in the development of a property project in Chengdu, the PRC at a total consideration of RMB1,509.95 million.

(2) SUBSCRIPTION OF INCREASED REGISTERED CAPITAL IN HOMELINK REAL ESTATE AGENCY CO., LTD. ("HOMELINK")

On 9 January 2017, Sunac Real Estate entered into the capital increase agreement with Homelink and the operation shareholders of Homelink, pursuant to which the parties thereto agreed that Sunac Real Estate (or its designated affiliate) will obtain 6.25% equity interest of Homelink by way of subscription of the increased registered capital of Homelink at the consideration of RMB2,600 million. Upon completion of the capital increase, the Group will indirectly hold 6.25% equity interest in Homelink and will be entitled to appoint one director for it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

43 Events after the balance sheet date *(continued)*

(3) INVESTMENT IN THREE LESHI COMPANIES

On 10 January 2017, Sunac Real Estate entered into the contractual arrangements with Tianjin Yingrui Huixin Corporate Management Co., Ltd. ("Tianjin Yingrui") and/or Tianjin Jiarui Huixin Corporate Management Co., Ltd. ("Tianjin Jiarui"), and/or the registered shareholders of Tianjin Yingrui, who were the senior management of the Group, pursuant to which Sunac Real Estate shall beneficially own the shares of Leshi Internet Information & Technology Corp (Beijing) ("Leshi Internet"), Le Vision Pictures (Beijing) Co. Ltd. ("Leshi Pictures") and Leshi Zhixin Electronic Technology (Tianjin) Limited ("Leshi Zhixin") to be acquired by Tianjin Jiarui.

On 13 January 2017, Tianjin Jiarui entered into the agreements with several third parties, pursuant to which Tianjin Jiarui conditionally agreed to obtain 8.61% equity interest in Leshi Internet, 15% equity interest in Leshi Pictures and 33.4959% equity interest in Leshi Zhixin at an aggregate consideration of RMB15,041 million.

(4) ACQUISITION OF ADDITIONAL SHARES IN JINKE PROPERTY

During the period from 1 January 2017 to 24 January 2017, the Group further acquired an aggregate of 110 million Jinke Property shares at the open market, at the total consideration of approximately RMB583 million. After the acquisition, the Company will indirectly hold a total of 1,237 million shares, representing approximately 23.15% of the total issued shares of Jinke Property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

44 Balance sheet and reserve movement of the Company

	31 December 2016 RMB'000	31 December 2015 RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	13,450,458	12,930,894
Current assets		
Amounts due from subsidiaries	8,593,535	8,096,001
Other receivables	21	345
Cash and cash equivalents	529,081	3,245,867
	9,122,637	11,342,213
Total assets	22,573,095	24,273,107
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	331,408	291,329
Other reserves	5,393,140	3,572,997
Accumulated losses	(3,940,993)	(2,451,763)
Total equity	1,783,555	1,412,563
Liabilities		
Non-current liabilities		
Borrowings	4,758,441	8,778,815
Current liabilities		
Borrowings	3,979,278	5,726,528
Other payables	139,520	192,303
Amounts due to subsidiaries	11,912,301	8,162,898
	16,031,099	14,081,729
Total liabilities	20,789,540	22,860,544
Total equity and liabilities	22,573,095	24,273,107

Sun Hongbin
Director

Wang Mengde
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

44 Balance sheet and reserve movement of the Company (continued)

Note (a) Reserve movement of the Company

	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Year ended 31 December 2015				
At 1 January 2015	2,555,259	1,570,628	(1,309,349)	2,816,538
Loss for the year	—	—	(1,142,414)	(1,142,414)
Employees share option scheme:				
– Value of employee services	—	47,395	—	47,395
– Proceeds from shares issued	44,129	—	—	44,129
Dividends relating to 2014	(644,414)	—	—	(644,414)
At 31 December 2015	1,954,974	1,618,023	(2,451,763)	1,121,234
Year ended 31 December 2016				
At 1 January 2016	1,954,974	1,618,023	(2,451,763)	1,121,234
Loss for the year	—	—	(1,489,230)	(1,489,230)
Employees share option scheme:				
– Value of employee services	—	57,890	—	57,890
– Proceeds from shares issued	12,289	—	—	12,289
Proceeds from private placement	2,409,530	—	—	2,409,530
Dividends relating to 2015	(659,566)	—	—	(659,566)
At 31 December 2016	3,717,227	1,675,913	(3,940,993)	1,452,147

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For the year ended 31 December 2016

45 Benefits and interests of directors

(A) DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The Directors' and senior management's emoluments are set out below:

Name of Director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Share options expenses RMB'000	Employer's contribution retirement benefit scheme RMB'000	Other benefits RMB'000	Compensation for loss of office as director RMB'000	Total RMB'000
Year ended 31 December 2016:								
Directors:								
Sun Hongbin	—	1,200	2,353	131	—	—	—	3,684
Wang Mengde	—	932	2,385	2,603	34	52	—	6,006
Li Shaozhong	—	734	716	2,058	34	52	—	3,594
Chi Xun	—	847	2,371	2,525	34	52	—	5,829
Shang Yu	—	734	1,416	2,126	42	57	—	4,375
Jing Hong	—	847	2,188	2,525	47	59	—	5,666
Tian Qiang	—	847	1,888	2,365	33	51	—	5,184
Huang Shuping	—	847	1,288	2,297	28	18	—	4,478
Zhu Jia	—	—	—	—	—	—	—	—
Poon Chiu Kwoh	268	—	—	—	—	—	—	268
Li Qin	268	—	—	—	—	—	—	268
Ma Lishan	268	—	—	—	—	—	—	268
Tse Chi Wai	268	—	—	—	—	—	—	268
Year ended 31 December 2015:								
Directors:								
Sun Hongbin	—	1,200	1,053	473	—	—	—	2,726
Wang Mengde	—	932	967	1,851	34	51	—	3,835
Li Shaozhong	—	757	416	1,592	34	51	—	2,850
Chi Xun	—	819	1,095	1,690	34	51	—	3,689
Shang Yu	—	736	620	1,690	34	51	—	3,131
Jing Hong	—	894	1,429	1,690	44	55	—	4,112
Zhu Jia	—	—	—	—	—	—	—	—
Poon Chiu Kwoh	242	—	—	—	—	—	—	242
Li Qin	242	—	—	—	—	—	—	242
Ma Lishan	242	—	—	—	—	—	—	242
Tse Chi Wai	242	—	—	—	—	—	—	242

For the year ended 31 December 2016 and 2015, no housing allowance, estimated money value of other benefits, remunerations paid or receivable in respect of accepting office as director, emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking were provided by the Group to directors or chief executive.

- (b) The five individuals whose emoluments were the highest in the Group included five directors (2015: Five) for the year ended 31 December 2016, whose emoluments are reflected in the analysis presented above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

46 Subsidiaries

The following is a list of the principal subsidiaries at 31 December 2016 and 2015:

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held				Principal activities
			31 December 2016		31 December 2015		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in the British Virgin Islands:							
Sunac Greentown Investment Holdings Limited	25 April 2013	RMB3,277 million	100%	—	100%	—	Investment holding
Ease Success Holdings Limited	2 January 2013	USD50,000	100%	—	100%	—	Investment holding
Lead Sunny Investments Limited	27 February 2013	USD50,000	100%	—	100%	—	Investment holding
Starwish International Co., Ltd.	30 November 2016	USD50,000	—	100%	—	—	Investment holding
Incorporated in Hong Kong:							
Jujin Property Investment Holdings Ltd.	14 September 2007	HKD1	—	100%	—	100%	Investment holding
Incorporated in the PRC:							
Sunac Real Estate Group Co., Ltd.	31 January 2003	RMB10,000 million	—	100%	—	100%	Real estate development
Tianjin Sunac Ao Cheng Investment Co., Ltd.	25 February 2003	RMB222 million	—	100%	—	100%	Real estate development
Tianjin Sunac Mingxiang Investment Development Co., Ltd.	6 April 2010	RMB1,421 million	—	100%	—	100%	Real estate development
Tianjin Sunac Dingsheng Zhidi Co., Ltd.	4 January 2011	HKD1,700 million	—	100%	—	100%	Real estate development
Tianjin Sunac Huijie Zhidi Co., Ltd.	21 January 2011	HKD700 million	—	100%	—	100%	Real estate development
Sunac Property Management Service Group Co., Ltd.	21 March 2010	RMB10 million	—	100%	—	100%	Property management
Tianjin Jujin Property Management Ltd.	31 October 2007	RMB200 million	—	100%	—	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

46 Subsidiaries (continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held				Principal activities
			31 December 2016		31 December 2015		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in the PRC:							
(continued):							
Tianjin Runding Property Management Co., Ltd.	18 September 2016	RMB5 million	—	100%	—	—	Property management
Tianjin Runze Property Management Co., Ltd.	18 September 2016	RMB5 million	—	100%	—	—	Property management
Tianjin Rongyao Real Estate Co., Ltd.	7 March 2013	RMB500 million	—	54%	—	54%	Real estate development
Tianjin Rongzheng Investment Limited	12 July 2013	RMB504 million	—	100%	—	100%	Real estate development
Tianjin Sunac Yingrun Equity Investment Fund Management Co., Ltd.	11 July 2011	RMB20 million	—	100%	—	100%	Fund management
Wuxi Sunac Real Estate Co., Ltd.	27 February 2004	RMB204 million	—	100%	—	100%	Real estate development
Wuxi Sunac City Construction Co., Ltd.	11 May 2005	RMB448 million	—	100%	—	100%	Real estate development
Yixing Sunac Dongjiu Real Estate Co., Ltd.	9 March 2010	RMB1,100 million	—	100%	—	100%	Real estate development
Suzhou Rongding Real Estate Co., Ltd.	26 December 2014	RMB8 million	—	100%	—	100%	Real estate development
Changzhou Greentown Real Estate Co., Ltd.	15 January 2013	RMB838 million	—	97%	—	97%	Real estate development
Henan Sunac Ao Cheng Real Estate Co., Ltd.	10 March 2016	RMB100 million	—	100%	—	—	Real estate development
Suzhou Der Taihu Bay Properties Co., Ltd.	4 May 2016	RMB30 million	—	100%	—	—	Real estate development
Suzhou Der Taihu Town Real Estate Co., Ltd.	6 May 2016	RMB30 million	—	100%	—	—	Real estate development
Hubei Changyuan Real Estate Development Co., Ltd.	2 November 2016	RMB355 million	—	100%	—	—	Real estate development
Chongqing Sunac Jiye Real Estate Limited	24 April 2004	RMB180 million	—	100%	—	100%	Real estate development
Chongqing Sunac Shangfeng Real Estate Co., Ltd.	21 February 2011	RMB1,200 million	—	100%	—	100%	Real estate development
Chongqing Sunac Shijin Real Estate Co., Ltd.	12 December 2012	HKD1,229 million	—	100%	—	100%	Real estate development

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For the year ended 31 December 2016

46 Subsidiaries (continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held				Principal activities
			31 December 2016		31 December 2015		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in the PRC:							
(continued):							
Chongqing Sunac Qiyang Real Estate Co., Ltd.	18 September 2013	HKD2,280 million	—	100%	—	100%	Real estate development
Chongqing Hezhong Lianyi	24 June 2015	RMB10 million	—	100%	—	75%	Investment holding
Chongqing Raycom Zhidi Real Estate Development Co., Ltd.	30 November 2016	RMB300 million	—	100%	—	—	Real estate development
Chengdu Guojia Zhide Real Estate Co., Ltd.	22 October 2015	RMB1,375 million	—	100%	—	100%	Real estate development
Chengdu Zhongyi Real Estate Co., Ltd.	22 October 2015	RMB200 million	—	100%	—	100%	Real estate development
Chengdu Tianyi Real Estate Co., Ltd.	23 November 2016	RMB793.5 million	—	100%	—	—	Real estate development
Wuhan Sunac Jiye Investment Holdings Limited	13 August 2015	RMB10 million	—	100%	—	100%	Real estate development
Wuhan Xinghai Yuantou Real Estate Development Co., Ltd.	2 February 2016	RMB200 million	—	90%	—	—	Real estate development
Raycom Zhidi (Wuhan) Co., Ltd.	30 November 2016	RMB240 million	—	100%	—	—	Real estate development
Xian Xixu Real Estate Co., Ltd.	6 September 2015	RMB80 million	—	100%	—	100%	Real estate development
New Richport Property Development Shanghai Co., Ltd.	17 July 2013	RMB2,250 million	—	100%	—	100%	Real estate development
Fung Seng Estate Development (Shanghai) Co., Ltd.	17 July 2013	RMB85 million	—	100%	—	100%	Real estate development

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For the year ended 31 December 2016

46 Subsidiaries (continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held				Principal activities
			31 December 2016		31 December 2015		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in the PRC:							
(continued):							
Shanghai Xiangyuan Investment Holdings Limited	9 August 2012	RMB2,000 million	—	100%	—	100%	Investment holding
Shanghai Sunac Real Estate Development Co., Ltd.	18 December 2014	RMB2,000 million	—	100%	—	100%	Real estate development
Shanghai Forest Golf Villa Development Co., Ltd.	18 December 2002	RMB196 million	—	100%	—	100%	Real estate development
Shanghai Haochuan Property Co., Ltd.	19 June 2002	RMB50 million	—	100%	—	100%	Real estate development
Shanghai Ronglv Qiwei Real Estate Co., Ltd.	31 December 2015	RMB410 million	—	100%	—	51%	Real estate development
Shanghai Lvshun Real Estate Development Co., Ltd.	12 July 2012	RMB1,000 million	—	100%	—	100%	Real estate development
Shanghai Ronglv Huiyi Real Estate Co., Ltd.	31 December 2015	RMB204 million	—	100%	—	51%	Real estate development
Shanghai Zhongshuidian Building Co., Ltd.	29 November 2016	RMB600 million	—	100%	—	—	Real estate development
Shanghai Liteman Real Estate Co., Ltd.	30 August 2016	RMB3,400 million	—	100%	—	—	Real estate development
Shanghai Jinxiao Enterprise Management Consulting Co., Ltd.	30 November 2016	RMB5 million	—	99%	—	—	Business service
Shanghai Ruijia Enterprise Management Co., Ltd.	24 February 2016	RMB20 million	—	100%	—	—	Real estate development

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For the year ended 31 December 2016

46 Subsidiaries (continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held				Principal activities
			31 December 2016		31 December 2015		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in the PRC:							
(continued):							
Hangzhou Yingzi Investment Limited	27 August 2013	RMB10 million	—	100%	—	100%	Real estate development
Hangzhou Guorong Zhidi Co., Ltd.	9 August 2013	RMB460 million	—	60%	—	60%	Real estate development
Hangzhou Fuyang Sunac Real Estate Co., Ltd.	7 March 2014	RMB630 million	—	100%	—	100%	Real estate development
Hangzhou Rongxinheng Investment Limited	27 August 2013	RMB10 million	—	100%	—	100%	Investment holding
Hangzhou Rongyu Real Estate Co., Ltd.	15 June 2016	RMB1,800 million	—	100%	—	—	Real estate development
Hangzhou Jiayi Real Estate Co., Ltd.	30 November 2016	RMB510 million	—	100%	—	—	Real estate development
Lemen Real Estate (Fuyang) Co., Ltd.	30 August 2016	RMB14,735 million	—	100%	—	—	Real estate development
Beijing Sunac Hengji Real Estate Co., Ltd.	27 September 2011	RMB100 million	—	100%	—	100%	Real estate development
Beijing Sunac Construction Investment Real Estate Co., Ltd	16 August 2010	RMB10 million	—	100%	—	100%	Real estate development
Beijing Sunac Raycom Real Estate Co., Ltd.	12 October 2016	RMB500 million	—	100%	—	—	Real estate development
Beijing Donghuan Wangjing Real Estate Co., Ltd.	30 November 2016	USD12 million	—	100%	—	—	Real estate development
Beijing Raycom Yangguang Real Estate Development Co., Ltd.	31 December 2016	RMB250 million	—	80%	—	—	Real estate development
Beijing Rongzhi Ruifeng Investment Co., Ltd	31 December 2016	RMB30 million	—	70%	—	—	Investment Holding
Beijing Ensen Care Holdings Limited	30 November 2016	RMB200 million	—	100%	—	—	Real estate project investment

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For the year ended 31 December 2016

46 Subsidiaries (continued)

Name	Date of incorporation/ acquisition	Nominal value of issued and fully paid share capital/ registered capital	Equity interests held				Principal activities
			31 December 2016		31 December 2015		
			Directly	Indirectly	Directly	Indirectly	
Incorporated in the PRC:							
(continued):							
Sunac (Shenzhen) Real Estate Co., Ltd.	09 March 2015	RMB10 million	—	100%	—	100%	Investment Holding
Yongqing Meijing Real Estate Development Co., Ltd.	26 December 2016	RMB100 million	—	52%	—	—	Real estate development
Qingdao Calxon Real Estate Development Co., Ltd.	31 December 2016	RMB1,200 million	—	100%	—	—	Real estate development
Yantai Raycom Real Estate Development Co., Ltd.	30 November 2016	RMB100 million	—	65%	—	—	Real estate development
Changsha Raycom Real Estate Development Co., Ltd.	31 December 2016	RMB320 million	—	75%	—	—	Real estate development
Hainan Sunac Jiye Real Estate Co., Ltd.	8 August 2016	RMB10 million	—	100%	—	—	Real estate development
Anhui Raycom Real Estate Development Co., Ltd.	30 November 2016	RMB200 million	—	100%	—	—	Real estate development
Wuhan Zhigu Investment Co., Ltd.	30 November 2016	RMB10 million	—	100%	—	—	Investment Holding
Shanghai Mingxiang Investment Co., Ltd.	10 September 2015	RMB10 million	—	100%	—	100%	Investment Holding
Shanghai Ronglv Ruijiang Real Estate Co., Ltd.	28 August 2014	RMB50 million	—	100%	—	100%	Real estate development
Zhongshan Weili	31 December 2016	RMB1 million	—	80%	—	—	Real estate development
Shenzhen Chuangrun Real Estate Co., Ltd.	13 March 2015	RMB10 million	—	100%	—	100%	Investment Holding

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