GUORUI PROPERTIES LIMITED
國瑞置業有限公司

*(於開曼群島以「Glory Land Company Limited(国瑞置业有限公司)」的名稱註冊成立的有限公司,
並以「Guorui Properties Limited」的名稱在香港經營業務)*

*(Incorporated in the Cayman Islands with limited liability under the name of
"Glory Land Company Limited (国瑞置业有限公司)" and
carrying on business in Hong Kong as Guorui Properties Limited)*

香港聯合交易所股份代號 Stock Code : 2329

ANNUAL REPORT
2016 年度報告

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FINANCIAL & OPERATION HIGHLIGHTS

Financial Highlights (RMB million)	2016	2015	change(%)
Contracted Sales	11,099	6,569	69%
Revenue	8,035	6,514	23%
Gross profit	3,118	2,679	16%
Profit for the year	1,956	1,583	24%
Profit attributable to owners of the Company	1,563	1,261	24%
Core profit	1,317	996	32%
Total assets	44,718	35,227	27%
Equity attributable to owners of the Company	9,484	8,119	17%
Cash resources[1]	1,521	2,076	-27%
Financial Information per share			
Earnings per share (RMB cents)			
– Basic	35.38	28.62	24%
– Diluted	35.04	28.28	24%
Dividend per share (HKD cents)	6.04	5.55	9%
Financial Ratios			
Gross profit margin (%)	39%	41%	-2%
Net profit margin (%)	24%	24%	0%
Net gearing ratio (%)[2]	156%	133%	23%
Dividend payout ratio (%)	15%	16%	-1%
Current ratio (times)	1.9	1.7	15%
Operational Highlights (thousand sq.m.)			
Landbank	8,555	7,659	12%
Saleable GFA sold	1,064	666	60%
Saleable GFA delivered	930	594	57%

1 Including the restricted bank deposits

2 Total interest bearing debt minus cash resources divided by total equity

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am pleased to present the annual results of Guorui Properties Limited (the "**Company**"), together with its subsidiaries, (the "**Group**") for the year ended December 31, 2016 (the "**Reporting Period**").

RESULTS AND REVIEW FOR 2016

Results and Dividends

For the year ended December 31, 2016, the Group achieved a net profit of approximately RMB1,955.7 million, representing a year-on-year increase of 23.5%, of which RMB1,563.0 million was attributable to the equity holders of the Company, representing an increase of 24.0% as compared to the corresponding period of the previous year. During the Reporting Period, the Group recorded a revenue of RMB8,034.6 million, representing an increase of 23.3% as compared to the corresponding period of the previous year. The Board proposed to declare a dividend of HK6.04 cents per share, totalling approximately HK$267,994,000 (equivalent to RMB240,000,000).

Market Review

In 2016, China's economy maintained stable growth and recovered slightly. The property industry remained to be a "stabilizer" (穩定器) of China's economic growth. Throughout the year, China's property market experienced an overall increase in both transaction volumes and prices with the size of transactions hitting a new high. At the same time, differentiation in cities appeared and industry concentration further increased. On one hand, stricter control policies were implemented in hot-spot cities. On the other hand, strategies to reduce the number of unsold homes continued to be implemented in third-and fourth-tier cities in order to improve the market environment in terms of supply and demand. Increased differentiation would lead to industry changes where property developers would seek diversified transformation and plan to look for room for future growth.

In 2016, the Group's contracted sales exceeded RMB10 billion for the first time, achieving a historic and leapfrog development. At this new starting point, the Group would strive to deepen its strategic plan, lay a solid foundation for its principal business, namely the property business, rely on its principal business to actively extend the industrial chain, seek a breakthrough in various industry segments under the "Real Estate+" (房地產+) development model and utilize innovative property projects as driving force in order to create a new space for the Group's development.

Property development

In 2016, the Group achieved contracted sales of RMB11,099 million, representing an increase of 69.0% as compared to the previous year; and total contracted gross floor area ("**GFA**") was approximately 1.064 million sq.m., representing an increase of 59.8% as compared to the previous year, hitting a new high again. During the year, the Group had a total of 11 projects on sales, among which projects in cities such as Beijing, Langfang, Haikou, Foshan and Shantou achieved outstanding performance and became major contributors to the annual results of the Group. Benefiting from favorable factors in respect of the coordinated development in the "Beijing, Tianjin and Hebei" region such as construction of Beijing New Airport, opening of Beijing-Taiwan Expressway and industrial clustering, Yongqing Ecological City (永清生態城) achieved excellent performance, contributing 38% of annual sales among different cities.

In 2016, the Group fine tuned its plan in respect of three major product lines, namely high-end residential properties, residential properties for homebuyers with rigid demand and residential properties for first-time homebuyers looking for improved living condition. In respect of the high-end residential property market, the Group newly launched a high-end product in the garden and villa series, namely Glory Villa (國瑞熙墅), which is positioned as high-end residential property and situated at the heart of first-tier and top first-tier cities and includes townhouse and duplex products, with a view to creating a product with high quality and high premiums. Currently, it has been launched in two major cities, namely Beijing and Suzhou. In respect of the residential property market targeting homebuyers with rigid demand and first-time homebuyers looking for improved living condition as demonstrated by the second generation of "Glory City (國瑞城)", most of the projects are core city landmarks, compound urban villages (複合型城中城) and "fully-enjoyed life" towns (全享生活城), integrating high-rises with low-density products, which have been well recognized in various cities such as Yongqing, Haikou, Zhengzhou and Shenyang.

Investment properties

In 2016, total rental income of the Group was RMB292.7 million. Stable rental income was attributable to the Group's stable commercial property portfolio comprising, among other things, shopping malls, office buildings, hotels, retail outlets and SOHO apartments, among which Hademen Centre (哈德門中心) in Beijing was accredited as "China New Hundred Urban Landmark Architecture (中國百城建築新地標)", which is scheduled to commence operation in 2017. Foshan Glory Shengping Commercial Centre (佛山國瑞升平商業中心) is positioned as Lingnan culture complex, which has launched retail outlets in March 2017. Major commercial properties have been put into operation successively, which will generate stable cash flow for the Company and diversify market risks, thereby laying a foundation for a sustainable development.

Nationwide Planning

The Group focused on three major core economic circles, namely the "Pearl River Delta" region, "Beijing Tianjin Hebei" region and "Yangtze River Delta" region. Meanwhile, the Group paid close attention to potential cities under the national "Yangtze River Economic Zone (長江經濟帶)" and "One Belt, One Road (一帶一路)" strategies. In 2016, the Group successfully entered Suzhou, a core city in the Yangtze River Delta region and expanded into Chongming Island, an international ecological island in the "Yangtze River Economic Zone", which was an important step for deepening the Group's national strategic layout.

In January 2016, the Group acquired 100% equity interest in Guorui Hospital for a total consideration of RMB306 million. The underlying assets will be used for construction of hospital buildings. In April 2016, the Group successfully acquired Suzhou Mudu land through bidding, auction and listing for a total consideration of RMB4,011 million. In September 2016, the Group acquired 100% equity interest in Chongming Island project for a total consideration of RMB1,877 million.

Innovative property

In respect of the innovative property business segment, the Group insisted on implementing a differentiation strategy to realize values in different market segments. In 2016, the Group consolidated its competitive advantages and adjusted measures to local conditions to promote the finalization of feature towns and new complex projects, while actively introducing cooperation partners to deepen cooperation on innovative property projects with industry chain as a basis and capital as a link. Currently, innovative property projects such as Chongming Island Ecological Town (崇明島生態小鎮), Haikou Yunlong Healthy Retirement Town (海口雲龍健康養老小鎮) and Zhengzhou Cultural Tourism Town (鄭州文化旅遊小鎮) have made substantial progress and the Chongming Island project is expected to be launched in 2017.

Financing channels

The Group focused its efforts on expanding financing channels, optimizing debt structure and lowering financing costs while actively deploying diversified financing models in order to support the diversified and synergetic development of the Group's businesses. In September 2016, the Group, for the first time, successfully issued domestic private placement bonds with a principal amount of RMB1.0 billion for a term of 5 years at interest rate of 5.3%, which further optimized the Group's debt structure and improved the Group's awareness in the domestic capital market.

Market recognition

The Group has been widely recognized in the market for its enhanced comprehensive strengths. In March 2016, the Group was listed in the "2016 China Real Estate Top 100 Enterprise". In May 2016, the Group was named in the "China Mainland Real Estate Company Top 10 listed in Hong Kong in terms of Investment Value Ranking" for two consecutive years. In the same month, the Group was included in the constituent stocks of MSCI China Small Cap Index. In December 2016, the Group was included in the qualified stocks of "Shenzhen-Hong Kong Stock Connect", which truly reflect that the Group's investment values have been widely recognized in the capital market.

OUTLOOK FOR 2017

In 2017, China's property market is expected to maintain generally stable. On March 5, 2017, Premier Li Keqiang stated in the government work report that new urbanization will be firmly promoted while supporting the development of medium and small-sized cities as well as feature towns in order to capitalize on the radiation and driving effects of city agglomeration.

2017 is a year for the Group to pioneer and innovate as well as to further rise with its strengths. The Group's diversified strategic plan has entered into an important phase. Currently, the key to the development of an enterprise is scalization, industry innovation and diversification and to achieve higher quality growth during the process of striving for stable development.

Product Innovation

The Group believes that new vitality of an enterprise lies in industry innovation and product innovation. It has been proposed again at the National People's Congress and the Chinese Political Consultative Conference held in 2017 that properties shall return to their "residential" nature. The Group strives to win the market through product innovation, continuously strengthening the foundation of its principal business and growing its scale. On one hand, the Group will continue to be customers' needs-oriented, integrate product functions with customers' needs and improve product profitability. On the other hand, the Group will focus its efforts on creating a lifestyle that leads the residence of the new era by providing a pleasant and livable environment and more comfortable and user-friendly residence space.

Innovative Property

Under new economic norm, the "Integrating Industry with City (產城結合)" is a policy actively promoted by the State, resulting in large market potential of new urbanization, which is also a major driving force of the Group's transformation and upgrading as well as innovative development. The "Township Plan (小鎮計劃)" will become one of the Group's important strategies. The Group will strive to develop feature township projects in its existing business regions (namely, "Beijing Tianjin Hebei" region, "Yangtze River Delta" region, "Pearl River Delta" region and Yangtze River Economic Zone) for next three to five years.

Supported by its principal business, namely the property business, and characterized by industry convergence, the Group will continuously promote the development of the innovative property business. Moreover, the Group will focus on major areas such as tourism, culture, health and retirement and leverage its own feature competitive advantages to create feature product lines through differentiated positioning, subdividing areas and supplementary development.

Leveraging the rail transit during the period of the "13th Five-year Plan", especially in surrounding potential areas of Beijing, Shanghai and Shenzhen, the Group will develop feature cultural tourism and retirement towns in a radius of "One-hour life circle (一小時生活圈)" and develop new complexes in a radius of "Half-an-hour life circle (半小時生活圈)". In the future, based on its leading principal business, namely the property business, the Group will develop a diversified business portfolio comprising property development, investment properties, new complex and feature towns and strive to become a constructor promoting the development of new urbanization in China.

Sustainable Development

The Group recognizes that high quality operational performance is the cornerstone of the sustainable development of an enterprise. The Group will continue to enhance its corporate operational management with a view to making a breakthrough in terms of, among other things, strategy, branding and land expansion. Moreover, the Group will continue to improve its abilities in capital operation, resource acquisition and strategy mastering with a view to promoting the long-term and stable development of the Company.

In 2017, the Group will release its first environmental, social and governance (ESG) report to disclose the Company's practices and achievements in economic, environmental and social aspects. The Group will strive to co-develop with cities in China and is always grateful to the community and dares to assume its responsibilities as a corporate citizen.

In the future, the Group will continue to adhere to the mission of being a "Responsible Property Developer (責任地產)" to achieve dramatic growth in next stage in conjunction with the shareholders of the Company ("**Shareholders**"). The Group will start a new journey at a new starting point!

Acknowledgement

Finally, on behalf of the Board, I would like to express our gratitude to all our employees for their diligence and endeavors, and our sincere appreciation to investors, customers and business partners for their strong support and confidence in the Group.

Zhang Zhangsun
Chairman

Beijing, the PRC
March 27, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Reporting Period, the Group's total contracted sales were approximately RMB11,099.0 million, representing an increase of 69.0% as compared to the year ended December 31, 2015. The Group's revenue was RMB8,034.6 million, representing an increase of 23.3% as compared to the year ended December 31, 2015. This increase was primarily due to the increased revenue from property development. Revenue from property development was RMB7,513.2 million, representing an increase of 24.6% as compared to the year ended December 31, 2015. For the Reporting Period, the Group's gross profit was RMB3,118.1 million, net profit was RMB1,955.7 million, of which RMB1,563.0 million was attributable to the equity holders of the Company.

Contracted Sales

For the Reporting Period, the contracted sales of the Group amounted to approximately RMB11,099.0 million, representing an increase of 69.0% from RMB6,569.0 million for the year ended December 31, 2015. Total GFA sold was approximately 1,063,817 sq.m., representing an increase of 59.8% from 665,661 sq.m. for the year ended December 31, 2015. Contracted sales of the Group, by geographical location, from Beijing, Haikou, Wanning, Langfang, Zhengzhou, Shenyang, Foshan and Shantou amounted to approximately RMB1,940.8 million, RMB1,709.2 million, RMB395.5 million, RMB4,170.1 million, RMB636.2 million, RMB563.9 million, RMB680.9 million and RMB1,002.4 million, respectively, representing 17.5%, 15.4%, 3.6%, 37.6%, 5.7%, 5.1%, 6.1% and 9.0% of the Group's total contracted sales, respectively.

The following table sets out the geographic breakdown of the Group's contracted sales for the years ended December 31, 2016 and 2015:

	2016 Contracted Sales (RMB million)	2015 Contracted Sales (RMB million)	2016 GFA Sold (sq.m.)	2015 GFA Sold (sq.m.)	2016 Contracted ASP (RMB/sq.m.)	2015 Contracted ASP (RMB/sq.m.)
Beijing						
Beijing Glory City (Phases I and II)	257.0	996.9	6,479	16,819	39,666.0	59,272.3
Eudemonia Palace	—	9.3	—	220	—	42,272.7
Beijing Glory Villa East	937.1	—	78,086	—	12,000.0	—
Beijing Glory Villa West	746.7	—	62,198	—	12,000.0	—
Haikou						
Haikuotiankong Glory City (Phases I to V)	1,522.1	1,473.5	103,433	105,484	14,715.3	13,968.9
Glory River view Garden	91.5	9.9	4,355	567	21,009.5	17,460.3
Haidian Island Glory Garden	—	3.8	—	526	—	7,224.3
Haikou West Coast Glory	95.7	—	4,474	—	21,379.4	—
Wanning						
Wanning Glory City (Phase I)	395.5	302.2	54,211	43,258	7,295.8	6,986.0
Langfang						
Yongqing Glory City (Phases III to V)	4,170.1	1,217.1	415,438	144,730	10,037.9	8,409.5
Zhengzhou						
Zhengzhou Glory City (Phases I to VII)	636.2	1,120.6	98,732	158,294	6,443.6	7,079.2
Shenyang						
Shenyang Glory City (Phases II to IV)	563.9	770.9	80,589	113,961	6,997.0	6,764.6
Foshan						
Foshan Guohua New Capital	680.9	663.2	74,410	81,619	9,150.4	8,125.6
Shantou						
Glory Garden (Phase I)	—	1.6	—	183	—	8,743.2
Shantou Glory City (Phase I)	1,002.3	—	81,412	—	12,311.7	—
Total	11,099.0	6,569.0	1,063,817	665,661	10,433.1	9,868.4

Note:

Contracted sales shown in the table include sales of car parking spaces and GFA sold includes contracted GFA of car parking spaces.

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

As at December 31, 2016, the Group had completed a total GFA of 5,142,818 sq.m. and had land reserves with a total GFA of 8,554,587 sq.m., comprising (a) a total GFA of 747,729 sq.m. completed but remaining unsold, (b) a total GFA of 2,366,972 sq.m. under development, and (c) a total planned GFA of 5,439,886 sq.m. held for future development.

The Group selectively retains the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and recurring income. As at December 31, 2016, the Group had investment properties with a total GFA of 808,261 sq.m. in Beijing Fugui Garden, Beijing Glory City, Shenyang Glory City, Shantou Glory City, Eudemonia Palace, Beijing Hademen Centre, Shenzhen • Nanshan and Foshan Glory Shengping Commercial Centre.

Properties Under Development and Properties Held for Future Development

The following table sets out a summary of information on the Group's projects and project phases under development and properties held for future development as at December 31, 2016:

			UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
Project	Project Type	Site Area (sq.m.)	GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Beijing								
1. Beijing Hademen Centre	Mixed-use	12,738	140,021	140,021	—	—	—	80.0
2. Beijing Glory Villa East	Residential	94,199	174,805	85,239	78,086	184,851	—	80.0
3. Beijing Glory Villa West	Residential	73,294	105,695	72,109	62,198	167,553	—	80.0
Haikou								
1. Haikou West Coast Glory	Residential	34,121	22,023	20,743	4,355	—	—	80.0
2. Hainan Yunlong	Mixed-use	1,084,162	—	—	—	1,084,162	—	72.0
Wanning								
1. Wanning Glory City (Phases II to III)	Residential	143,560	—	—	—	204,057	—	80.0
Langfang								
1. Yongqing Glory City (Phases I (partial) to II, Phase IV (partial))	Residential	663,218	256,861	242,740	91,660	1,091,994	—	80.0/100.0
Zhengzhou								
1. Zhengzhou Glory City (Phases VIII, School)	Mixed-use	50,434	25,522	—	—	28,324	—	80.0
Shenyang								
1. Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	352,440	204,418	138,730	13,038	791,416	349,902	80.0
Foshan								
1. Foshan Guohua New Capital (Phase II)	Residential	56,529	240,932	226,267	4,116	—	—	44.0
2. Foshan Glory Shengping Commercial Centre	Mixed-use	90,231	111,958	75,674	—	245,076	—	80.0
Xi'an								
1. Guorui • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	—	—	—	80.0

Project	Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT: GFA Under Development (sq.m.)	UNDER DEVELOPMENT: Saleable/ Rentable GFA (sq.m.)	UNDER DEVELOPMENT: GFA Pre-sold (sq.m.)	HELD FOR FUTURE DEVELOPMENT: Planned GFA (sq.m.)	HELD FOR FUTURE DEVELOPMENT: GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest (%)
Shantou								
1. Shantou Glory City (Phases I to II)	Mixed-use	54,431	357,520	353,323	81,411	—	—	100.0
2. Shantou Glory Hospital	Hospital	100,001	—	—	—	359,528	—	100.0
3. Glory Garden (Phases II)(1)	Residential	14,482	77,977	67,546	—	—	—	80.0
4. Siji Garden(1)	Residential	42,155	205,008	183,700	—	—	—	80.0
Shenzhen								
1. Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	—	132,237	—	80.0
Suzhou								
1. Suzhou Glory Villa	Mixed-use	74,196	111,491	83,028	—	131,072	—	80.0
Chongming Island								
1. Chongming Island	Residential	1,211,544	—	—	—	1,019,616	—	48.0
Total		4,191,060	2,366,972	1,943,254	334,864	5,439,886	349,902	
Total Attributable GFA			1,928,127	1,590,768	301,023	4,140,506	279,922	

Note:

(1) Projects developed under the "Urban Redevelopment" Policy

The following table sets out a summary of information of the Group's investment properties as at December 31, 2016:

Project	Types of Properties	Total GFA Held for Investment	Leasable GFA	Effective Leased GFA	Total Rental Income	
					2016	2015
		(sq.m.)	(sq.m.)	(sq.m.)	(RMB'000)	(RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	43,454		
	Offices	8,520	8,520	6,871		
	Car parking spaces	26,324	26,324	21,058	231,680	224,005
	Retail outlets	33,032	29,546	24,890		
	Siheyuan	7,219	7,219	2,249		
Eudemonia Palace	Car parking spaces	3,431	3,431	2,402		
Beijing Fugui Garden	Shopping mall	26,146	26,146	20,338	39,288	35,184
	Retail outlets	3,170	3,170	2,584		
Shenyang Glory City	Specialized markets	50,841	50,841	—	—	—
	Retail outlets	58,972	58,972	—	—	—
Shantou Glory City	Specialized markets	62,398	62,398	55,958	21,711	21,400
Beijing Hademen Centre*	Offices					
	Shopping Mall	140,021				
	Car parking spaces					
Foshan Glory Shengping Commercial Centre *	Retail outlets	260,520				
	Car parking spaces					
Shenzhen • Nanshan*	Offices	42,763				
Total		808,261	322,933	179,804	292,679	280,589

* Projects currently under construction

Completed Properties

The following table sets out a summary of information on the Group's completed projects and project phases as at December 31, 2016:

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA Available for Sale or use by us (sq.m.)	GFA Available for Sale (sq.m.)	GFA Held for Investment (sq.m.)	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)
Beijing									
1. Beijing Fugui Garden	Mixed-use	87,075	507,857	48,042	3,463	29,316	421,374	9,125	91.0
2. Beijing Glory City (Phases I and II)	Mixed-use	117,473	881,590	62,922	15,478	159,998	640,490	18,180	80.0
3. Eudemonia Palace	Residential	14,464	32,583	2,912	—	3,431	24,931	1,309	80.0
Haikou									
1. Haikuotiankong Glory City (Phases I to V)	Mixed-use	141,375	800,154	310,911	164,685	—	453,163	36,080	80.0
2. Haidian Island Glory Garden	Residential	65,643	71,863	15,024	753	—	56,258	581	80.0
3. Glory Riverview Garden	Residential	36,634	21,658	19,155	—	—	1,418	1,085	80.0
Wanning									
1. Wanning Glory City (Phase I)	Residential	100,780	161,988	29,674	22.322	—	128,740	3,574	80.0
Langfang									
1. Yongqing Glory City (Phase I (partial), Phases III Phase IV (partial), Phase V)	Residential	650,148	714,356	111,798	39,509	—	588,720	13,838	80.0/100.0
Zhengzhou									
1. Zhengzhou Glory City (Phases I to VII)	Mixed-use	433,793	778,240	112,897	35,930	—	645,816	19,527	80.0
Shenyang									
1. Shenyang Glory City (Phases I and II, Phase III (partial), Phase IV)	Mixed-use	275,145	716,398	88,777	43,780	109,813	508,088	9,720	80.0
Foshan									
1. Foshan Guohua New Capital (Phase I)	Residential	64,284	273,985	128,616	54,494	—	141,051	4,318	44.0
Shantou									
1. Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	—	—	62,398	—	—	90.0
2. Glory Garden (Phase I)	Mixed-use	14,161	33,795	2,278	2,278	—	31,518	—	100.0
3. Yu Garden	Residential	8,292	25,767	—	—	—	25,767	—	100.0
4. Star Lake Residence	Residential	3,589	12,132	—	—	—	12,132	—	100.0
5. Yashi Garden	Residential	9,472	48,054	81	81	—	47,197	776	100.0
Total		2,073,327	5,142,818	933,087	382,773	364,956	3,726,663	118,113	
Total Attributable GFA		1,685,520	4,163,941	720,084	291,851	301,429	3,046,017	96,410	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2016:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves	Average land cost
	Saleable/ Rentable GFA Remaining Unsold	GFA Under Development	Planned GFA[1]	Total GFA		
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(%)	(RMB/sq.m.)
Beijing	211,686	420,521	352,404	984,611	11.6	8,039.9
Haikou	165,438	22,023	1,084,162	1,271,623	14.9	1,269.5
Wanning	22,322	—	204,057	226,379	2.6	351.2
Langfang	39,509	256,861	1,091,994	1,388,364	16.3	315.3
Zhengzhou	35,930	25,522	28,324	89,776	1.0	406.5
Shenyang	153,593	204,418	791,416	1,149,427	13.5	878.4
Foshan	54,494	352,890	245,076	652,460	7.6	2,823.1
Xi'an	—	289,978	—	289,978	3.4	1,551.8
Shantou	64,757	640,505	359,528	1,064,790	12.4	1,083.4
Shenzhen	—	42,763	132,237	175,000	2.0	3,428.6
Suzhou	—	111,491	131,072	242,563	2.8	17,030.5
Chongming	—	—	1,019,616	1,019,616	11.9	305.4
Total	**747,729**	**2,366,972**	**5,439,886**	**8,554,587**	**100.0**	**2,289.0**

Note:

(1) Includes 216,523 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

The following table sets out a summary of the Group's land reserves by type of properties as at December 31, 2016:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA[1] (sq.m.)	Total GFA (sq.m.)	(%)
Residential	191,011	1,139,192	3,374,631	4,704,834	55.0
Commercial for sale	168,682	520,228	744,009	1,432,919	16.8
Commercial held or intended to be held for investment	364,956	211,909	138,289	715,154	8.4
Hotel	—	34,436	155,256	189,692	2.2
Car parking spaces	23,080	350,080	447,240	820,400	9.5
Ancillary	—	79,830	57,208	137,038	1.6
Hospital	—	—	359,528	359,528	4.2
Others	—	31,297	163,725	195,022	2.3
Total	**747,729**	**2,366,972**	**5,439,886**	**8,554,587**	**100.0**

Note:

(1) Includes 216,523 s.q.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet signed the relevant land grant contract.

Primary Land Development, Redevelopment of shanty town and Projects Developed under the "Urban Redevelopment" Policy

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During 2016, the Group undertook primary land development, redevelopment of shanty town and projects under the "Urban Redevelopment" policy in Beijing, Shantou, Chaozhou and Shenzhen.

Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely, the West Qinian Street Project, with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. The site of West Qinian Street project is located on the west side of Qinian Street and is less than one kilometer from Tiananmen Square. As at December 31, 2016, the Group incurred development costs of approximately RMB1,260.5 million and completed the primary land development of one of the five land parcels. Another land parcel is in the process of acceptance check by the Group. The West Qinian Street Project is still currently under development.

Shantou

Pursuant to cooperation agreements with local self-governing organizations and enterprises under the "Urban Redevelopment" policy, the Group undertook the development of land parcels in Shantou, comprising four development projects with a total planned GFA of approximately 4.3 million sq.m during the first half of 2014. The local self-governing organizations and enterprises have agreed to cooperate in development and construction of the relevant land parcels with the Group after the completion of the requisite government procedures under the relevant local regulation. The Group has completed a detailed regulatory plan for two of the development projects. The demolition work has been completed successfully and approval has been obtained from the relevant governmental authorities on transformation and distribution solutions, and began to develop residential properties. As at December 31, 2016, the Group incurred aggregate development costs of approximately RMB341.8 million.

Chaozhou

During the first half of 2014, the Group undertook a primary land development project in Chaozhou, Guangdong Province, with a planned GFA of 2.9 million sq.m., namely, the Meilin Lake project. The Group has obtained the approval from the local government on preliminary land-use planning, completed preliminary work such as project establishment, project environment assessment, collection of evidence on land ownership and structures thereon (including buildings), and completed the pre-proclamation of approximately 4,419 mu of land. As at December 31, 2016, the Group incurred preliminary development costs of RMB9.4 million for this project to cover preliminary planning, design and surveying expenses. The Meilin Lake Project is still currently under development.

Shenzhen

Pursuant to the agreement dated July 20, 2016 as set out in section headed "Material Acquisition and Disposal and Significant Investments" in this report, the Group has further acquired 45% equity interest in its former associate Shenzhen Dachaoshan Real Estate Development Ltd. (深圳市大潮汕建設有限公司) ("Shenzhen Dachaoshan") to increase the Group's equity interests therein to 75% and hence, Shenzhen Dachaoshan has become a subsidiary of the Company.

In the first half of 2014, Shenzhen Dachaoshan entered into a cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd. (深圳市龍崗區西坑股份有限公司) to carry out urban renewal of the Xikeng community. The planned construction area of the project was about 2.3 million square meters. The Group has completed the census work including the land ownership, resident population and building information in the Xikeng community, and the urban renewal planning research program.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group's revenue was RMB8,034.6 million, representing an increase of 23.3% from RMB6,514.3 million for the year ended December 31, 2015. This increase was primarily due to the increased revenue from property development.

Revenue from property development for the Reporting Period was RMB7,513.2 million, representing an increase of 24.6% as compared to the year ended December 31, 2015. This increase was primarily due to completion and delivery of Foshan Guohua New Capital (Phase I) (佛山國華新都(一期)) and Yongqing Glory City (Phase IV and V) (永清國瑞城(四、五期)) for the year ended December 31, 2016.

Revenue from primary land construction and development services was RMB137.6 million for the Reporting Period, as compared to RMB143.4 million for the year ended December 31, 2015.

Cost of Sales and Services

The Group's cost of sales and services increased by 28.2% from RMB3,835.5 million in 2015 to RMB4,916.5 million in 2016. This increase was primarily due to the increased cost of property development.

The Group's cost of sales of properties increased by 29.2% from RMB3,591.7 million in 2015 to RMB4,642.0 million in 2016. This increase was primarily due to completion and delivery of Foshan Guohua New Capital (Phase I) (佛山國華新都(一期)) and Yongqing Glory City (Phase IV and V) (永清國瑞城(四、五期)) for the year ended December 31, 2016.

The Group's cost of services of primary land development decreased by 5.6% from RMB142.5 million in 2015 to RMB134.5 million in 2016. The cost of services of primary land development is connected with demolition schedule.

Gross Profit

For the Reporting Period, the Group's gross profit was RMB3,118.1 million, representing an increase of 16.4% from RMB2,678.8 million for the year ended December 31, 2015. The gross profit margin was 38.8% for the Reporting Period, as compared to 41.1% for the year ended December 31, 2015.

Gross profit of property development was RMB2,871.2 million for the Reporting Period, representing an increase of 17.8% from RMB2,437.3 million for the year ended December 31, 2015. The increase in the Group's gross profit of property development was primarily due to completion and delivery of Foshan Guohua New Capity (Phase I) (佛山國華新都(一期)) and Yongqing Glory City (Phase IV and V) (永清國瑞城(四、五期)) for the ended year December 31, 2016. The gross profit margin of property development decreased from 40.4% for the year ended December 31, 2015 to 38.2% for the Reporting Period.

Gross profit of primary land construction and development services was RMB3.1 million for the Reporting Period, as compared to RMB0.9 million for the year ended December 31, 2015. The gross profit margin of primary land construction and development services was 2.2% for the Reporting Period, as compared to 0.6% for the year ended December 31, 2015.

Net Profit Attributable to Equity Holders of the Company

For the Reporting Period, the net profit attributable to equity holders of the Company was RMB1,563.0 million, representing an increase of 24.0% from RMB1,260.6 million for the year ended December 31, 2015.

Changes in Fair Value of Investment Properties

Changes in fair value of investment properties increased by 8.7% from RMB783.6 million in 2015 to RMB851.9 million in 2016.

Other Gains and Losses

Other losses were RMB23.7 million for the Reporting Period, while other losses were RMB7.0 million for the year ended December 31, 2015.

Other Income

Other income increased by 53.6% from RMB13.2 million for the year ended December 31, 2015 to RMB20.2 million for the Reporting Period.

Selling Expenses

Selling expenses increased by 6.0% from RMB246.2 million for the year ended December 31, 2015 to RMB260.8 million for the Reporting Period, primarily due to an increase in marketing efforts as a result of increased GFA under sales of the Group.

Administrative Expenses

Administrative expenses decreased by 8.2% from RMB358.7 million for the year ended December 31, 2015 to RMB329.1 million for the Reporting Period, primarily due to the Group's stringent management and control of administrative expenses and the decrease in relevant staff costs incurred by the group of equity incentives to the staff.

Finance Costs

Finance costs decreased by 10.1% from RMB141.1 million for the year ended December 31, 2015 to RMB126.8 million for the Reporting Period, primarily due to part of borrowings were settled.

Income Tax Expenses

Income tax expenses increased by 14.2% from RMB1,116.1 million for the year ended December 31, 2015 to RMB1,274.7 million for the Reporting Period, primarily due to the increase of profit before taxation. The PRC enterprise income tax and land appreciation tax of the Group for the Reporting Period were RMB732.4 million and RMB542.3 million, respectively.

Profit and Total Comprehensive Income

As a result of the foregoing, the Group's profit and total comprehensive income increased from RMB1,583.5 million for the year ended December 31, 2015 to RMB1,955.7 million for the Reporting Period.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at December 31, 2016, the Group's cash, restricted bank deposits and bank balances were approximately RMB1,520.9 million, representing a decrease of 26.7%, as compared to RMB2,075.8 million as at December 31, 2015.

Negative Net Operating Cash Flow

The Group recorded negative net operating cash flow in the amount of RMB1,425.3 million for the Reporting Period, as compared to a negative operating cash flow of RMB1,879.2 million for the year ended December 31, 2015. The Group's negative net cash flow from operating activities was primarily attributable to the increase of expenditure for land acquisition.

Net Gearing Ratio

The Group's net gearing ratio or net debt to equity ratio (being total interest bearing debt less bank balances, cash and restricted cash divided by total equity and multiplied by 100%) was 156% as at December 31, 2016, as compared to 133% as at December 31, 2015.

Borrowings

As at December 31, 2016, the Group had outstanding borrowings of RMB15,907.9 million, consisting of bank borrowings of RMB15,607.9 million and other borrowings which are trust financing arrangements of RMB300.0 million.

As at December 31, 2016, the outstanding amount of the Group's borrowings from trust financing arrangements accounted for 1.9% of the balance of the Group's total bank and other borrowings, compared to 17.2% as at December 31, 2015.

Charge over Assets

Some of the Group's borrowings are secured by properties held for/under development, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at December 31, 2016, the assets pledged to secure certain borrowing granted to the Group amounted to RMB29,097.8 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on the purchasers, but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at December 31, 2016, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB6,609.0 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at December 31, 2016.

Foreign Exchange Risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. In March 2017, the Company successfully issued US$300,000,000 7.00% senior notes due 2020 listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As a result of the issuance of such senior notes, the Group became exposed to foreign currency risk arising from the exposure of Renminbi against U.S. dollars.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

Material Acquisition and Disposals and Significant Investments

1. Reference is made to the Company's announcement dated January 8, 2016 in connection with the connected transaction of acquisition of Guorui Hospital (the "**CT Announcement**") and unless otherwise stated, capitalized terms used in this paragraph have the same meanings as defined in the CT Announcement. On January 8, 2016, Garden Group, an indirect wholly-owned subsidiary of the Company, and Shantou Wujin entered into the Equity and Shareholder's Loan Transfer Agreements, pursuant to which (i) Shantou Wujin agreed to sell, and Garden Group agreed to acquire, 100% equity interest in Guorui Hospital and (ii) Garden Group agreed to assume the Shareholder's Loan owed by Guorui Hospital to Shantou Wujin for a total consideration of RMB306,000,000. After completion of the Transaction, Garden Group has hold 100% equity interest in Guorui Hospital and Guorui Hospital has become an indirect wholly-owned subsidiary of the Company.

2. Pursuant to a state-owned land use right grant contract dated May 17, 2016 between an indirect subsidiary of the Company, Beijing Glory Xinye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**"), and the Bureau of Land and Resources of Suzhou City, New Beijing Glory acquired the land use right of a parcel of land in Mudu Town (木瀆鎮) of Wuzhong District (吳中區) in Suzhou City (蘇州市) measuring a total of 74,195.9 square meters for a total consideration of approximately RMB4.011 billion. The Group has obtained the construction land planning permit and the land use right certificates to such parcel of land in July and November, 2016 respectively. The Group plans to develop residential housing on such parcel of land.

3. As disclosed in the Company's interim report 2016 published on August 29, 2016, the Group entered into an agreement dated July 20, 2016 for an acquisition of a further 45% equity interest in one of the Group's then associates, Shenzhen Dachaoshan, from certain of the shareholders, for a total cash consideration of RMB534,597,000. Upon completion, the Group's equity interest in Shenzhen Dachaoshan has increased from 30% to 75%, and thereafter, Shenzhen Dachaoshan has become a subsidiary of the Group.

4. As disclosed in the Company's annual report 2015 published on April 26, 2016, the Group entered into an equity interest transfer and cooperation agreement dated June 7, 2015 (the "**Agreement**") with an independent third party (the "**Vendor**") to acquire 87.5% equity interest in Shenzhen Wanji for a cash consideration of RMB500,000,000 and an assignment of debts of RMB200,000,000. Shenzhen Wanji held two properties in a piece of land in Shenzhen, PRC. As at December 31, 2015, legal title of 75% equity interest of Shenzhen Wanji had been transferred to the Group. On May 30, 2016, the Group renegotiated and entered into an agreement with the Vendor, whereby the Group agreed not to proceed with the transfer of the legal title of the remaining 12.5% equity interest of Shenzhen Wanji and as a result, the Group is no longer required to pay the outstanding consideration of RMB100,000,000 to the Vendor under the Agreement. On August 18, 2016, the Group entered into an agreement with another independent third party, which is also a shareholder of the Shenzhen Wanji, for the acquisition of 5% equity interest in Shenzhen Wanji for a total cash consideration of RMB50,000,000. Upon completion of the transaction, the Group's equity interest in Shenzhen Wanji has increased from 75% to 80%.

5. On September 19, 2016, Beijing Glory Real Estate (Holding) Co., Ltd* (北京國瑞興業房地產控股有限公司) entered into an agreement with the independent third parties Ms. Yao Xiaoli (姚曉麗)、Mr. Yao Shuobin (姚朔斌) and Mr. Yao Wenchen (姚文琛) (collectively referred to as the "**Vendors**") with respect to the acquisition of 100% equity interest in Qidong Yujiangwan and its wholly-owned subsidiary Yao Ji (Nantong) Industrial Co., Ltd* (姚記(南通) 實業有限公司) from the Vendors for a total cash consideration of RMB1,877,170,000 in order to acquire the land use right of certain land parcels in Qidong City, Jiangsu Province with a site area of approximately 1,211,544 sq.m.. The total consideration will be paid by instalments. Before the end of the Reporting Period, the Group has already paid 60% of the total consideration and respective 60% equity interest of Qidong Yujiangwan was transferred to the Group. The remaining 30% and 10% of the total consideration has been/will be paid and respective equity interest has been/will be transferred accordingly before March 31, 2017 and October 1, 2017 respectively. As the Group is obliged to settle the outstanding consideration payable and the Group is exposed to any risk or entitled to any rewards relating to 100% equity interest as equity holder of Qidong Yujiangwan, the acquisition is considered as a single acquisition or a linked transaction. The Group accounts for Qidong Yujiangwan at 100% effective interest from the date of acquisition.

   The Company plans to develop residential housing on such land parcels. The Company takes the view that the transaction involving the acquisition of land for development which will be entirely disposed of is treated as a transaction of a revenue nature and carried out as one of the principal activities in the ordinary and usual course of business of the Company, which is exempt from the requirements of Chapter 14 of the Listing Rules pursuant to Rule 14.04(1)(g) of the Listing Rules.

6. On December 31, 2016, New Beijing Glory disposed of the entire 100% equity interest in Beijing Glory Property Services Co., Ltd.* (北京國瑞物業服務有限公司) ("**Glory Services**") to Shenzhen Glory Industrial Development Co., Ltd. * (深圳國瑞興業發展有限公司) ("**Shenzhen Glory Industrial**") for the consideration of RMB 5,000,000 (the "**Disposal**"). Immediately before the Disposal, Glory Services was a wholly-owned subsidiary of New Beijing Glory, which is a subsidiary of the Company and indirectly owned as to 80% by the Company; and Shenzhen Glory Industrial was an indirect wholly-owned subsidiary of Shantou Glory Investment Co., Ltd.* (汕頭市國瑞置業投資有限公司) ("**Shantou Glory Investment**"), which was wholly-owned by Chairman Zhang. Further details of the Disposal were disclosed in the announcement of the Company dated January 3, 2017.

Save as disclosed in this report, the Group did not have any other material acquisition and disposal and significant investment during the Reporting Period.

Future Plans for Material Investments or Capital Assets

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this report and in the prospectus of the Company dated June 23, 2014 (the "**Prospectus**") the Group did not have any future plans for material investments or capital assets as at the date of this report.

Employees and Remuneration Policies

As at December 31, 2016, the Group had approximately 1,040 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB352.9 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from listing on the Stock Exchange (after deducting underwriting fees and related expenses) amounted to approximately HK$1,561.0 million. Since the date of listing and up to December 31, 2016, the Company had used approximately HK$150 million for the Company's general corporate and working capital purpose. The remaining of the net proceeds are applied in the manner consistent with that set out in the Prospectus.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

In 21 March 2017, the Company successfully issued US$300,000,000 7.00% senior notes due 2020 listed on the Hong Kong Stock Exchange. Further details of the issue of senior notes were disclosed in the announcements of the Company dated March 8, 2017, March 14, 2017 and March 21, 2017.

On March 21, 2017, Foshan Glory Xingye Real Estate Co., Ltd. (佛山市國瑞興業地產有限公司), an indirect subsidiary of the Company, won the bid to acquire a land parcel in Xiqiao Town (西樵鎮) of Nanhai District (南海區) in Foshan (佛山市) measuring a total of approximately 63,951.5 sq.m. through listing-for-sale for a total consideration of RMB 1,673.5 million. As of the date of this report, the Company has received the relevant confirmation letter on bidding for granting land use rights but has not yet signed the relevant land use rights grant contract. The Company plans to develop residential housing on such parcel of land.

Save as disclosed in this report, there is no material post balance sheet event undertaken by the Company or by the Group after December 31, 2016.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of HK6.04 cents per share, totalling HK$267,994,000 (equivalent to RMB240,000,000), for the Reporting Period to Shareholders whose names appear on the register of members of the Company on June 5, 2017. The proposed final dividend will be paid on or about June 15, 2017 after approval by Shareholders at annual general meeting of the Company.

DIRECTORS' AND SENIOR MANAGEMENT'S PROFILES

EXECUTIVE DIRECTORS

Mr. Zhang Zhangsun (張章笋) or Chairman Zhang, aged 60, is the founder of the Group and one of the Controlling Shareholders. Chairman Zhang also serves as executive Director, president and the chairman of the Nomination Committee of the Company and as chairman of Beijing Glory Xingye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**"). Chairman Zhang has over 20 years of experience in real estate development, management and operation. He established our Group in April 1994 and has since led the Group in its development of real estate projects. Before he established our Group, Chairman Zhang used to work in the Shantou Commodities Bureau from 1980 to 1987. Chairman Zhang is also a member of the Chinese People's Political Consultative Committee of Beijing Municipality, a member of the standing committee of the Chinese People's Political Consultative Committee of Dongcheng District of Beijing, a representative of the National People's Congress of Shantou Municipality, an executive committee member and the vice chairman of Real Estate Chamber of Commerce of the All-China Federation of Industry and Commence and the chairman of Chaoshan Chamber of Commerce in Beijing. He graduated from high school in Shantou in July 1969.

Mr. Ge Weiguang (葛偉光), aged 52, serves as executive Director and vice president of the Company and as the director of New Beijing Glory. Mr. Ge joined the Group in September 2008 and has since served as vice president of Beijing Glory Xingye Real Estate Co., Ltd* (北京國瑞興業地產股份有限公司) ("**Original Beijing Glory**"). Before joining us, he successively served as the deputy section chief of Daxilin Iron Mine of Xilin Steel Group Co., Ltd.* (西林鋼鐵公司大西林鐵礦), a steel manufacturing company, from August 1984 to June 1990, primarily responsible for the financial management; the deputy section chief of Heilongjiang Aluminum Foil Factory* (黑龍江鋁箔廠), an aluminum processing company, from June 1990 to June 1992, primarily responsible for the financial management; the assistant to president and deputy chief accountant of Orient Holding Co., Ltd., a listed company on the Shanghai Stock Exchange (stock code: 600811) engaged in various businesses including, among others, banking and financing businesses and precious mineral resources exploration and extraction businesses, from June 1992 to September 1995, responsible for general management of the company's accounting and financing affairs; the vice president and chief financial officer of Jinzhou Port Co., Ltd., a listed company on the Shanghai Stock Exchange (A share stock code: 600190, B share stock code: 900952) mainly engaged in port and transportation businesses, from September 1995 to April 2001, primarily responsible for accounting, investment and financing and listing affairs; the vice president and chief financial officer of Jitong Network Communications Limited* (吉通通信網絡股份有限公司), a telecommunication company, from April 2001 to December 2002, primarily responsible for accounting, investment and financing and listing affairs; and the executive vice president of Oriental Garden Properties Limited* (東方家園置業有限公司), a building materials trading company, from December 2002 to April 2007, primarily responsible for assisting the president in the company's daily operation and management. Mr. Ge was awarded the qualification of accountant by the Metallurgical Industry Department of Heilongjiang Province in November 1991. He obtained a Bachelor's degree in industrial finance and accounting in August 1984 and a Master's degree in management science and engineering in July 1999 from Harbin Institute of Technology.

* For identification purpose only

Ms. Ruan Wenjuan (阮文娟), aged 38, the spouse of Chairman Zhang, serves as executive Director, vice president, a member of the Remuneration Committee, a member of the Internal Control Committee of the Company and as director of New Beijing Glory. Ms. Ruan joined the Group in January 2000 and was responsible for financial management related work in Shantou Garden Group Co., Ltd.* (汕頭花園集團有限公司) ("**Garden Group**"). She successively served as the financial manager and chief financial officer in Original Beijing Glory since 2004. In August 2006, Ms. Ruan was appointed as a director and vice president in Original Beijing Glory and was primarily responsible for the cost management and financial management affairs of our Group. Ms. Ruan completed the real estate EMBA program from Tsinghua University in September 2004.

Ms. Zhang Jin (張瑾), aged 33, the daughter of Chairman Zhang, serves as executive Director and vice president of the Company and as director of New Beijing Glory. Ms. Zhang joined the Group in August 2006 and served as the assistant to the chairman of Original Beijing Glory. Since August 2008, Ms. Zhang served as the vice president of Original Beijing Glory, primarily responsible for the management and operation of our commercial properties. She is also the executive director of Beijing Glory Industrial Commercial Management Limited* (北京國瑞興業商業管理有限公司) ("**Glory Commercial Management**") and chairman of Beijing Yinhe Glory Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司). Ms. Zhang graduated from Holmes Institute in Australia majoring in business administration in August 2007. She also participated in the international real estate advanced leadership program in Harvard University in May 2007, the globalized city and real estate operator course in The University of Hong Kong in January 2008 and the entrepreneur development program in globalization in University of Cambridge in April 2008. Ms. Zhang was awarded "China Real Estate Top Hundred Person" (中國房地產百傑) by CIHAF China Real Estate Mainstream Media Alliance (CIHAF中國房地產主流媒體聯盟) in 2008, "China Shopping Mall Centre Top Professional of Year 2010" (中國購物中心2010年度職業精英) by PURCHASING Union Mall Development Committee (中購聯購物中心發展委員會) in 2010 and "China Commercial Properties Influential Person" (中國商業地產影響力人物) by China Commercial Real Estate Industry Development Forum (中國商業地產行業發展論壇) in 2013. Ms. Zhang is also a vice chairman of Chamber of Commerce of Dongcheng District of Beijing, council of China Commercial Real Estate Association, vice chairman of China International SME Union and member of the Chinese People's Political Consultative Committee of Dongcheng District of Beijing.

* For identification purpose only

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luo Zhenbang (羅振邦), aged 50, serves as independent non-executive Director, chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Internal Control Committee of the Company. Mr. Luo was appointed as an independent non-executive Director of the Company on July 5, 2013. Mr. Luo is the director and senior partner of BDO China Shu Lun Pan CPAs. He has been an independent non-executive director of China Aerospace International Holding Limited (a company listed on the Stock Exchange, stock code: 31) since December 2004, and an independent director of China City Railway Transportation Technology Holdings Company Limited (a company listed on the Stock Exchange, stock code: 1522) since November 2012, Xinjiang Goldwind Science & Technology Co., Ltd. (a company listed on the Stock Exchange (stock code: 2208) and Shenzhen Stock Exchange (stock code: 002202)) since June 2013 and Digital China Information Service Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000555) since January 2014, respectively. Mr. Luo is also a member of internal audit team of Northeast Securities Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000686). Mr. Luo used to worked successively in several accounting firms, namely Ningxia CPAs* (寧夏會計師事務所), Zhongzhou CPAs* (中洲會計師事務所), Zhong Tian Xin CPAs* (中天信會計師事務所) and Tianhua CPAs* (天華會計師事務所) before he joined BDO China Shu Lun Pan CPAs in May 2008. He also used to serve as a supervisor in China Cinda Asset Management Co., Ltd. from January 2001 to December 2002 and China Greatwall Asset Management Co., Ltd. from January 2003 to December 2004. He was also an independent director of Ningxia Zhongyin Cashmere Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 982) between 2001 to 2004, Long March Launch Vehicle Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600879) between 2002 to 2008, Ningxia Orient Tantalum Industry Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 962) between 2002 to 2005, Wuzhong Instrument Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 862) between 2004 to 2005 and AVIC Heavy Machinery Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600765) between 2010 to 2011, respectively. Mr. Luo was awarded professional qualifications as a certified public accountant by the MOF in January 1995 and a certified accountant in securities and futures industry by the MOF and CSRC in July 1997. He graduated from the School of Business of Lanzhou in June 1991 majoring in Enterprise Management and obtained the Master's degree in enterprise management and innovation from the Australia National University in July 2007.

Mr. Lai Siming (賴思明), aged 59, serves as independent non-executive Director, chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Lai was appointed as independent non-executive Director of the Company on July 5, 2013. Mr. Lai has been the member of the Royal Institution of Chartered Surveyors since June 1983 and the member of the Hong Kong Institute of Surveyors since August 1984. In April 1999, Mr. Lai became the fellow member of the Hong Kong Institute of Surveyors. Mr. Lai is a professional surveyor and has considerable experience in the property field. Between September 1980 to February 1994 and August 1997 to June 2002, Mr. Lai was working in Knight Frank (known as F.Y. Kan & Partners in 1980), an international property consultant firm, offering property consulting services. Mr. Lai is an independent non-executive director of Asia Commercial Holdings Limited (a company listed on the Stock Exchange, stock code: 104) since August 1998. Mr. Lai was also an independent non-executive director of The Sun's Group Limited (a company listed on the Stock Exchange, stock code: 988) from May 2002 to March 2003. Mr. Lai served as the Vice Chairman, General Practice Division of the Hong Kong Institute of Surveyors for two years (GPD Council 2001-2003). Mr. Lai obtained a Master's degree in business administration from The Chinese University of Hong Kong in November 2001.

* For identification purpose only

Ms. Chen Jingru (陳靜茹), aged 52, serves as independent non-executive Director, chairman of the Internal Control Committee and a member of the Audit Committee of the Company. Ms. Chen was appointed as independent non-executive Director of the Company on June 5, 2014. Ms. Chen is the global partner of DeHeng Law Offices. Ms. Chen has been working in DeHeng Law Offices since 1993 and has extensive experience in the corporate and securities aspects. Ms. Chen was awarded her professional qualification as a lawyer conferred by the Lawyer Qualification Committee of the PRC Ministry of Justice in March 1993. She obtained a Bachelor's degree majoring in law in July 1985 and a Master's degree majoring in law in December 1990 from Nankai University.

SENIOR MANAGEMENT

Mr. Dai Jie (戴傑), aged 48, serves as the vice president of the Company. Mr. Dai joined the Group in November 2011 and has successively served as the regional manager of Hainan Region and the director of the group operation and construction management center. Mr. Dai has more than 13 years of experience in development, operation and construction management. Before joining the Group, Mr. Dai successively served as the director of construction department of New World China Land (Beijing) Limited* (香港新世界中國地產有限公司北京公司) from December 2001 to June 2010, responsible for the project development; and deputy general manager of Beijing Xinjingrun Property Co., Ltd.* (北京新京潤房地產有限公司) from July 2010 to November 2011, responsible for project development. Mr. Dai was awarded the professional qualification as an engineer by China Railway Group Limited in June 2008. He obtained a Bachelor's degree in industrial and civil construction from Beijing University of Technology in July 1993.

Mr. Hao Zhenhe (郝振河), aged 62, serves as the vice president of the Company and as general manager of Langfang Glory Investment Co., Ltd.* (廊坊國瑞投資有限公司) ("**Langfang Glory**"). Mr. Hao joined the Group in July 2001 and has successively served as the head of the general office and head of the planning and development department of Original Beijing Glory, the general manager of Beijing Glory Property Services Co., Ltd*. (北京國瑞物業服務有限公司) ("**Glory Services**") and vice president of Original Beijing Glory. Before joining the Group, Mr. Hao worked at the International Liaison department of the Chinese Communist Party Central Committee from April 1971 to April 2001. Mr. Hao obtained a college degree in journalism from the college of journalism of All-China Journalists Association* (中國記協新聞學院) in July 1992.

Mr. Lin Yaoquan (林耀泉), aged 50, Chairman Zhang's brother-in-law, serves as the vice president of the Company and as the general manager of Garden Group, Shantou Glory Real Estate Development Co., Ltd.* (汕頭市國瑞房地產開發有限公司) ("**Shantou Glory**"), Shantou Guohua Properties Real Estate Development Co., Ltd.* (汕頭市國華置業地產開發有限公司) ("**Shantou Guohua**"), Shantou Glory Zhoucuowen Real Estate Development Co., Ltd.* (汕頭市國瑞周厝塭房地產開發有限公司) ("**Shantou Zhoucuowen**") and Shantou Glory Construction Materials & Home Furnishing Exhibition Center Co., Ltd* (汕頭國瑞建材家居博覽中心有限公司) ("**Shantou Construction Materials**"). Mr. Lin joined the Group in August 2004 and has served as the vice president and regional manager of Shantou Region of Original Beijing Glory since 2009. He has also been the general manager of Shantou Industrial Materials Exchange Center* (汕頭工業材料交易中心) since 2004 and the general manager of Shantou Guohong Construction Limited (汕頭市國宏建築有限公司) since 2010. Before joining the Group, Mr. Lin served as a clerk of the import and export department of Shantou Jinming Wujin Material Co., Ltd. (汕頭金明五金材料有限公司) ("**Jinming Wujin**") from April 1989 to May 1993, responsible for daily operation of the import and export department; the manager of the import and export department of Shantou Jinming Development Company* (汕頭金明發展公司) from June 1993 to February 1998, responsible for daily operation of the import and export department; general manager of Chaozhou Caitang Yaolong Stainless Steel Products Co., Ltd.* (潮州彩塘耀隆不銹鋼製品有限公司) from July 1998 to March 2004, responsible for overall management of this company. Mr. Lin graduated from high school in Shantou.

* For identification purpose only

Mr. Lin Jianfei (林建飛), aged 50, serves as the vice president of the Company. Mr. Lin joined the Group in April 2005 and served as the assistant to the chairman and deputy general manager in Original Beijing Glory from April 2005 to April 2007. From April 2007 to December 2012, Mr. Lin resigned from the Group and served in the construction, development and management center of Eastern City of Shantou Economic Zone. In December 2012, Mr. Lin rejoined the Group and served as the vice president of Original Beijing Glory. Before joining the Group, he used to work in the urban planning department of Shantou, Guangdong Province from July 1998 to May 2005. Mr. Lin obtained a Bachelor's degree in city planning from Sun Yatsen University in July 1988.

Mr. Li Bin (李斌), aged 45, serves as the vice president of the Company and as the chairman of Beijing Glory. Mr. Li joined the Group in July 1997 and successively served as the procurement manager, sales manager and public relationship manager of Garden Group and the deputy general manager of Hainan Glory Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司) ("**Hainan Glory**"). He has worked in Original Beijing Glory since 2002 and successively served as the secretary to the chairman and the assistant to the chairman. Mr. Li is also the vice chairman of Qianmen Branch of Dongcheng District of Beijing Federation of Industry & Commence, the member of the Youth Federation of Dongcheng District of Beijing, a director and deputy secretary-general of Chaoshan Chamber of Commerce in Beijing. Mr. Li completed business administration programme from International Business University of Beijing in July 2006.

Mr. Sun Xiaodong (孫曉東), aged 47, serves as the vice president of the Company. Mr. Sun is responsible for bidding and procurement as well as cost management. Mr. Sun has over 10 years of experience in project management and real estate operation. Before joining the Group, Mr. Sun served in renowned property companies such as Tsinghua Tongfang Nuclear Technology Limited* (清華同方核技術股份有限公司), Longfor Properties Co., Ltd (龍湖地產有限公司) and HKI China Land (香江國際中國地產有限公司). Mr. Sun obtained a Bachelor's degree in business administration from Renmin University of China and held qualifications as a senior engineer, a PRC certified budgeting specialist and a real estate valuer.

Ms. Dong Xueer (董雪兒), aged 39, serves as the chief financial officer of the Company. Ms. Dong joined the Group in October 1997 and successively served as the general accountant in Shantou Glory Management Limited (汕頭國瑞企業管理有限公司) ("**Glory Management**") from October 1997 to January 2003, account officer in Original Beijing Glory from February 2003 to July 2008 and chief financial officer in Shenyang Dadongfang Property Development Co., Ltd.* (瀋陽大東方置業有限公司) ("**Shenyang Dadongfang**") from August 2008 to February 2010. Since March 2010, Ms. Dong has served as the chief financial officer in Original Beijing Glory, responsible for its overall financial management, including but not limited to fund management, loan management, asset management and accounting computations. Ms. Dong obtained a college degree in accounting from the University of International Business and Economics in July 2006.

Ms. Tian Yanchun (田燕春), aged 45, serves as the assistant to the Chairman of the Company. Ms. Tian joined the Group in April 2005 and successively served as the financial manager, chief financial controller, director of the auditing center, head of the bidding and procurement center of Original Beijing Glory, responsible for the bidding and procurement affairs. Before joining the Group, she served as the cost engineer in Beijing Vanke Co., Ltd.* (北京萬科企業有限公司), a real estate development company, from September 1998 to September 2004, responsible for cost management. Ms. Tian was awarded the qualification as a certified cost engineer by Beijing Municipal Bureau of Personnel in October 2005. She obtained a Bachelor's degree in civil defense engineering construction from Institute of Engineering Corps, PLA University of Science* (中國人民解放軍理工大學工程兵工程學院) in July 1994.

Mr. Yan Shuang (閆雙), aged 35, serves as the assistant to the Chairman of the Company. Mr. Yan joined the Group in March 2004 and has since successively served as various positions in our Group, namely the security head of Glory Xingye (Beijing) Industrial Co., Ltd.* (國瑞興業(北京)實業股份有限公司) ("**Glory Industrial**") from March 2004 to February 2005; the deputy general manager of Glory Services from February 2005 to September 2009; the deputy general manager of Beijing Glory Industrial Commercial Management Limited from September 2009 to March 2012; and the assistant to the chairman and the director of the president office of Original Beijing Glory since March 2012. Mr. Yan was awarded a certificate in property management in June 2011 by Beijing Municipal Commission of Housing and Urban-Rural Development. He is pursing a college degree in business administration at the School of Network and Continuing Education of Xidian University.

Ms. Zheng Jin (鄭瑾), aged 34, serves as the board secretary and joint company secretary of the Company. Ms. Zheng joined the Group in January 2010 and has served as the vice president of the capital and financial management center and the operation and construction management center of Original Beijing Glory since October 2010 and February 2013, respectively. Before joining the Group, she served as the assistant manager in KPMG Huazhen (special general partnership) from July 2007 to January 2010, responsible for auditing. Ms. Zheng was awarded the qualification as a certified public accountant by the Chinese Institute of Certified Public Accountants in August 2009. She obtained a Bachelor's degree in engineering management in July 2004 and a Master's degree in finance in June 2007 from Central University of Finance and Economics.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (鄭瑾), aged 34, serves as the Company's joint company secretary. Please refer to the section headed "Directors' and Senior Management's Profiles".

Ms. Kwong Yin Ping Yvonne (鄺燕萍), serves as our joint company secretary of the Company. Ms. Kwong is a vice president of SW Corporate Services Group Limited, a specialty corporate services provider focusing on the provision of listing company secretarial and compliance services. She holds a Degree in Accountancy from the Hong Kong Polytechnic University and is a fellow of The Hong Kong Institute of Chartered Secretaries and a fellow of The Institute of Chartered Secretaries and Administrators. Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies.

REPORT OF THE DIRECTORS

The Board is pleased to present its annual report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are property development, primary land construction and development services, property investment and management in China. An analysis of the Group's revenue for the Reporting Period by principal activities is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business and a discussion and analysis of the Group's performance for the Reporting Period and the material factors underlying its financial performance and financial position can be found in the "Management Discussion and Analysis" section on pages 201 to 216 in this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out on page 196 of this annual report. The above sections form part of this report. The financial risk management objectives and policies of the Group are set out in note 44 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes its responsibility to protect the environment from its business activities. Being a real estate operator and developer in the PRC, the Group is subject to environmental laws and regulations set by the PRC national, provincial and municipal governments, including but not limited to laws and regulations on air and noise pollution and discharge of waste and water into the environment. For the details, please refer to the "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. For the Reporting Period, to the best knowledge of the Directors', the Group has complied with all of the relevant laws and regulations in the PRC and Hong Kong which have significant impact on the operations of the Group, including but not limited to the Company Law of the PRC, the Hong Kong Securities and Futures Ordinance (Cap. 571) and the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk relating to the real estate industry in the PRC

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC real estate market through industry policies and other economic measures at the national, provincial, municipal and/or local level. The Group mainly operates in the PRC and such measures may affect the Group's financial condition or results of operations.

Risk relating to foreign exchange

Substantially all of the Group's revenues and expenditures are dominated in Renminbi, while any dividends the Group pays on its Shares will be in Hong Kong dollar. The value of Renminbi against the U.S. dollar or the Hong Kong dollar may fluctuate and is affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. The Group did not have any significant foreign currency transactions which would expose the Group to foreign exchange risk during the year. The Group has not taken any measures to hedge the foreign currency exposure but will review and monitor its foreign exchange exposure from time to time.

RELATIONSHIPS WITH STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise our Directors, senior management, employees, customers, suppliers, regulators and shareholders.

Directors, senior management and employees

Our success is attributable to the ongoing service, performance, expertise and experience of our Directors and senior management. Moreover, our qualified and skilled employees have further contributed to our continual success. Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resources management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are individual purchasers for residential properties and various types of corporations and other business entities for commercial properties. The Group is committed to provide quality services and products to customers while maintaining long-term profitability, business and earnings growth. Various means have been established to strengthen the communications between customers and the Group in the provision of excellent customer service.

Suppliers

Sound relationships with key suppliers of the Group are important in supply chain, premises or land parcels management, properties construction and meeting business challenges and regulatory requirements. The key suppliers of the Group comprise construction material and equipment suppliers, construction contractors and design firms.

Regulators

The Group operates in the real estate sector in the PRC which is regulated by the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development, Beijing Municipal Commission of Urban Planning and other relevant regulators. It is the Group's desire to keep up to date and ensure compliance with new rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

FUTURE BUSINESS DEVELOPMENTS

The future business developments are set out in the Chairman's Statement on pages 197 to 200 of this annual report. The Chairman's Statement forms part of this report.

SEGMENT INFORMATION

An analysis of the performance of the Group for the Reporting Period by principal activities is set out in note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 268.

The Board proposed the payment of a final dividend of HK6.04 cents per share, totalling HK$267,994,000 (equivalent to RMB240,000,000), for the Reporting Period to shareholders whose names appear on the register of members of the Company on June 5, 2017. The proposed final dividend will be paid on or about June 15, 2017 after approval by Shareholders at annual general meeting of the Company.

No interim dividend was paid during the year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on May 26, 2017 ("**AGM**"), the register of members of the Company will be closed on May 22, 2017 to May 26, 2017, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong 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 not later than 4:30 p.m. on Friday, May 19, 2017.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on June 2, 2017 to June 5, 2017, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong 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 not later than 4:30 p.m. on Thursday, June 1, 2017.

FINANCIAL SUMMARY

A summary of the financial results and of the assets, liabilities and equity of the Group for the last five financial years is set out on page 390 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of change during the Reporting Period in the share capital and share options of the Company are set out in note 36 and note 38, respectively, to the consolidated financial statements.

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 16 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group for the Reporting Period are set out in note 15 to the consolidated financial statements.

RESERVES

Details of movement in the reserves of the Group for the Reporting Period are set out in the consolidated statement of changes in equity on page 271 to 273 of this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2016, the Group's distributable reserves was RMB4,920.7 million.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2016 are set out in note 34 to the consolidated financial statements.

PROFILES OF DIRECTORS AND JOINT COMPANY SECRETARIES

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

Executive directors:
Mr. Zhang Zhangsun (Chairman)
Mr. Ge Weiguang
Ms. Ruan Wenjuan
Ms. Zhang Jin

Independent non-executive directors:
Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

The executive directors and independent non-executive Directors are appointed for a period of three years.

Profiles of the Directors and the Joint Company Secretaries of the Company are set out on pages 217 to 222 of this annual report. At the AGM, Mr. Ge Weiguang, Ms. Zhang Jin and Ms. Chen Jingru shall retire and being eligible, shall offer themselves for re-election.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favor, or in which he/she is acquitted.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors of the Group. For the year ended December 31, 2016, no claim had been made against the Directors, auditors or officers of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company considers all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules for the Reporting Period.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the date of Listing and may be terminated in accordance with the respective terms of the service contract.

Each of the independent non-executive Directors is appointed for initial term of three years commencing from the date of Listing and may be terminated in accordance with the respective terms of the appointment letter.

None of the Directors has a service contract with the Company which is not terminable by the Group within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at December 31, 2016, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete 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 existed for the Reporting Period.

EQUITY-LINKED AGREEMENTS

Saved as disclosed in the sections headed "Pre-IPO Share Option Scheme" and "Post-IPO Share Option Scheme" below, no equity-linked agreements were entered into by the Group, or existed for the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, purchases from the Group's largest supplier accounted for approximately 9.1% of the Group's total purchases and the five largest suppliers of the Group accounted for less than 30% of the Group's total purchase in the year.

For the Reporting Period, sales to the Group's largest customer accounted for approximately 1.7% of the Group's total revenue and the five largest customers of the Group accounted for less than 30% of the Group's total revenue in the year.

None of the Directors of the Company or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2016, the interests and short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which were required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[1]	Interest of a controlled corporation	3,716,382,300	83.759%
Ruan Wenjuan	Interest of a controlled corporation	3,716,382,300	83.759%

Note [1]: Alltogether Land Company Limited ("**Alltogether**") is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang. Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Interest in the underlying Shares of the Company

(i)

Name of Director	Nature of interest	Number of Shares in the Company subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of interest in the Company
Ge Weiguang	Beneficial owner	3,500,000	0.079%
Ruan Wenjuan*	Beneficial owner	3,500,000	0.079%
Zhang Jin	Beneficial owner	3,500,000	0.079%

(ii)

Name of Director	Nature of interest	Number of Shares in the Company subject to options granted under the Post-IPO Share Option Scheme[(1)]	Approximate percentage of interest in the Company
Ge Weiguang	Beneficial owner	900,000	0.020%
Ruan Wenjuan*	Beneficial owner	1,000,000	0.023%
Zhang Jin	Beneficial owner	1,000,000	0.023%

* As Chairman Zhang is the spouse of Ms. Ruan Wenjuan, Chairman Zhang is deemed to be interested in the above underlying Shares held by Ms. Ruan Wenjuan.

Note(1): The shares granted has lapsed as of the date of this annual report. For details, please refer to the section headed "Post-IPO Share Option Scheme" on page 235 to 236 of this annual report.

(c) Interest in shares of associated corporation

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%

All interests in the shares and underlying shares of the Company and its associated corporation are long positions.

Save as disclosed above, as at December 31, 2016, none of the Directors, chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITION SHARES

As at December 31, 2016, the following persons had an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(a) Interest in Shares of the Company

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang(1)	Interest of a controlled corporation	3,716,382,300	83.759%
Alltogether	Beneficial owner	3,716,382,300	83.759%

Note 1: Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang. Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Substantial shareholders of other members of the Group

No.	Name of shareholder	Name of member of the Group	Capacity	Approximate percentage of ownership held by the substantial shareholders
1	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	New Beijing Glory	Beneficial Owner	20%
2	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	Original Beijing Glory	Beneficial Owner	20%
3	Lin Yaoquan (林耀泉)	Shantou Construction Materials	Beneficial Owner	10%
4	Chaoan County Baoshan Investment & Development Co., Ltd.* (潮安縣寶山投資開發有限公司)	Chaoan County Meilin Lake Development & Construction Co., Ltd.* (潮州市潮安區梅林湖開發建設有限公司) ("Chaoan Meilin")	Beneficial Owner	40%
5	Xie Maolin (謝茂林)	Shantou Guohua	Beneficial Owner	25%
6	Ji Yongcai (紀永財)	Shantou Zhoucuowen	Beneficial Owner	15%
7	Shantou Liyi Real Estate Investment Co., Ltd.* (汕頭市利溢房地產投資有限公司)	Foshan Guohua Properties Co., Ltd.* (佛山市國華置業有限公司) ("Foshan Guohua")	Beneficial Owner	45%
8	Dongguan Junhao Real Estate Development Co., Ltd. (東莞駿豪房地產開發有限公司)	Hainan Junhe	Beneficial Owner	10%
9	Shenzhen Xiangrui Investment Co., Ltd.* （深圳市祥瑞投資有限公司）	Shenzhen Wanji	Beneficial Owner	20%
10	Shenzhen Dachaoshan Asset Management Co. Ltd.* （深圳市大潮汕資產管理有限公司）	Shenzhen Dachaoshan	Beneficial Owner	10%
11	Shenzhen Junpengxin Real Estate Co., Ltd （深圳市駿鵬鑫房地產有限公司）	Shenzhen Dachaoshan	Beneficial Owner	15%
12	Yao Xiaoli（姚曉麗）	Qidong Yujiangwan	Beneficial Owner	32%
13	Yao Shuobin（姚朔斌）	Qidong Yujiangwan	Beneficial Owner	8%

* For identification purpose only

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the transaction as disclosed in the section "Connected Transactions" below and the material related party transactions as disclosed in note 46 to the consolidated financial statements of this annual report, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's holding company or any of its subsidiaries was a party, and in which a Director or its connected entities or any of the controlling shareholders of the Company had a material interest (whether directly or indirectly) subsisting at the end of the year or at any time for the Reporting Period.

CONNECTED TRANSACTIONS

On January 8, 2016, Shantou Garden Group Co., Ltd.* (汕頭花園集團有限公司) ("**Garden Group**"), an indirect wholly-owned subsidiary of the Company, and Shantou Jinming Wujin Co,, Ltd.* (汕頭市金明五金材料有限公司) ("**Shantou Wujin**"), entered into agreements for (i) the acquisition of 100% equity interest in Shantou Guorui Hospital Co., Ltd.* (汕頭市國瑞醫院有限公司) ("**Guorui Hospital**") and (ii) the transfer of the shareholder's loan owed by Guorui Hospital to Shantou Wujin to Garden Group (the "**Transaction**").

Shantou Wujin is a company controlled Chairman Zhang and Ms. Zhang Youxi ("**Ms. Zhang**"), Chairman Zhang's sister. Chairman Zhang is the chairman, executive Director and one of the Controlling Shareholders of the Company and is therefore a connected person of the Company. Ms. Zhang is a connected person of the Company by virtue of Ms. Zhang being an associate of Chairman Zhang. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details of the connected transaction were disclosed in the announcement of the Company dated January 8, 2016.

On December 31, 2016, Beijing Glory Xingye Real Estate Holding Ltd.* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**") disposed of the entire 100% equity interest in Beijing Glory Property Services Co., Ltd.* (北京國瑞物業服務有限公司) ("**Glory Services**") to Shenzhen Glory Industrial Development Co., Ltd. * (深圳國瑞興業發展有限公司) ("**Shenzhen Glory Industrial**") for the consideration of RMB 5,000,000 (the "**Disposal**"). Immediately before the Disposal, Glory Services was a wholly-owned subsidiary of New Beijing Glory, which is a subsidiary of the Company and indirectly owned as to 80% by the Company; and Shenzhen Glory Industrial was an indirect wholly-owned subsidiary of Shantou Glory Investment Co., Ltd.* (汕頭市國瑞置業投資有限公司) ("**Shantou Glory Investment**"), which was wholly-owned by Chairman Zhang. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Further details of the connected transaction were disclosed in the announcement of the Company dated January 3, 2017.

During the Reporting Period, the Company paid property management services fees as disclosed in note 46 to the consolidated financial statement to Beijing Glory Industrial Commerical Management Limited* (北京國瑞興業商業管理有限公司) pursuant to the commercial management services agreements (the "**Original Commercial Management Services Agreements**") as disclosed in the section headed "Connected Transactions" of the Prospectus. The transactions under the Original Commercial Management Services Agreements during the Reporting Period constitute de minimis connected transactions of the Company under Chapter 14A of the Listing Rules as all applicable size test percentage ratios are less than 0.1%, and are therefore exempt from the reporting, announcement, annual review and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Original Commercial Management Services Agreements has expired on May 31, 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDITORS' CONFIRMATIONS

The Board confirmed that save as disclosed above, none of the related party transactions set out in note 46 to the consolidated financial statements constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. Save as disclosed above, for the year ended December 31, 2016, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules or not in compliance with Chapter 14A of the Listing Rules.

NON-COMPETITION UNDERTAKING

Each of Mr. Zhang Zhangsun and Alltogether (the "**Controlling Shareholders**") has executed a deed of non-competition through which they have irrevocably and unconditionally warranted and undertaken to the Company not to, whether directly or indirectly or as principal or agent, and whether on his/its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any subsidiary of the Company) engage in businesses that are in competition with the Group.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the deed of non-competition for disclosure in this annual report for the Reporting Period.

The independent non-executive Directors have also reviewed the compliance by each of the Controlling Shareholders with the undertakings in the deed of non-competition for the Reporting Period. The independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the deed of non-competition given by them.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and contributions, time commitment and responsibilities of the Directors and senior management and salaries paid by comparable companies.

The Company has adopted a pre-ipo share option scheme (the "**Pre-IPO Share Option Scheme**"), a post-ipo share option scheme (the "**Post-IPO Share Option Scheme**") and a share award scheme (the "**Share Award Scheme**") as incentive to eligible employees, details of the schemes are set out in the section headed "Pre-IPO Share Option Scheme", "Post-IPO Share Option Scheme"and "Share Award Scheme" below, respectively.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on June 5, 2014 to enable the Company to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to its key employees.

The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 67,076,800 Shares, representing approximately 1.51% of the issued share capital of the Company as at December 31, 2016. An offer of the grant of an option under the Pre-IPO Share Option Scheme shall remain open for acceptance for 28 days from the grant. An offer shall be accepted when the Company receive the duly signed offer letter together with a non-refundable payment of HK$1.00 (or such other sum in any currency as the Board may determine). Save for the options which have been granted on or before June 16, 2014, no further options has be granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of HK$2.38. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options will be expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

As at December 31, 2016, options to subscribe for an aggregate of 67,076,800 Shares (representing approximately 1.51% of the issued share capital of the Company) were granted to 54 grantees under the Pre-IPO Share Option Scheme. A summary of the principal terms and conditions of the Pre-IPO Share Option Scheme and the particular of the outstanding options granted are set out in Appendix VIII to the Prospectus. Further details of the Pre-IPO Share Option Scheme are set out in note 38(ii) to the consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on June 5, 2014 to enable the Company to grant options to any Director (including the independent non-executive Directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "**Eligible Participants**") and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants. The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme or any other share option scheme adopted by the Company (including the Pre-IPO Share Option Scheme) shall not, in aggregate, exceed 10% of the total number of Shares in issue when the Post-IPO Share Option Scheme was adopted, unless with the prior approval from the Company's Shareholders. The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme to each eligible participant in any 12-month period up to the date of the grant shall not exceed 1% of Shares in issue, unless with the prior approval from the Company's Shareholders. Options granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK$5 million, such grant of options shall be subject to the issue of a circular by the Company and prior approval of the Shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favor. An offer of the grant of an option under the Post-IPO Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1.00 (or such other sum in any currency as the Board may determine) to the Company as consideration. Options may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. The subscription price shall be determined by the Board, in its sole discretion, and in any event shall be no less than the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. The validity period of the Post-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

Pursuant to the Post-IPO Share Option Scheme, the Company has offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 Shares (representing approximately 2.210% of the issued share capital of the Company). The first tranche of 49,000,000 Share options (representing approximately 1.105% of the issued share capital of the Company) was granted on October 27, 2015. As at December 31, 2015, in respect of the first tranche, certain performance conditions were not met and the first tranche lapsed. The second tranche of 49,000,000 Share options (representing approximately 1.105% of the issued share capital of the Company) was granted on March 23, 2016. In respect of the second tranche, certain performance conditions were not met and the second tranche has lapsed as at the date of this annual report.

The total number of shares available for issue under the Share Option Scheme are 431,327,383, representing 9.72% of the total number of shares in issue of the Company as at the date of this annual report.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. A summary of the principal terms and conditions of the Share Award Scheme is set out in Appendix VIII to the Prospectus. Further details of the Share Award Scheme are set out in note 38(i) to the consolidated financial statements.

Pursuant to the Share Award Scheme, a total of four Selected Persons (as defined below) were awarded Shares representing approximately 0.762% of the total issued share capital of the Company upon completion of its Listing (assuming the Over-allotment Option is not exercised and without taking into account any options granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme). On June 10, 2014, Alltogether transferred a total of 33,617,700 Shares to TMF (Cayman) Ltd., a special purpose vehicle incorporated in the Cayman Islands, for the benefit of the Selected Persons.

As at December 31, 2016, a total of 33,617,700 Shares were granted to Mr. Lin Yaoquan (林耀泉), Mr. Wu Yilong (吳義隆), Ms. Zhang Miaoxiang (張妙香) and Ms. Zhang Chanjuan (張嬋娟) (collectively, the "**Selected Persons**"). No further Shares have been awarded under the Share Award Scheme for the year ended December 31, 2016.

Apart from Ms. Zhang Chanjuan, the other Selected Persons disclosed above are connected persons of the Group as defined in the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As at December 31, 2016, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a prorate basis to existing shareholders.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules for the year ended December 31, 2016 with deviation from code provision A.2.1 which has already been stated in the Corporate Governance Report in this annual report. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 248 to 260 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange granted to the Company, at the time of its Listing in 2014, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules (the "**Public Float Waiver**"). Pursuant to the Public Float Waiver, the Company's prescribed minimum percentage of shares which must be in the hands of the public must not be less than 15% of the total issued share capital of the Company. Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Public Float Waiver as at the date of this annual report.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

In 21 March 2017, the Company successfully issued US$300,000,000 7.00% senior notes due 2020 listed on the Hong Kong Stock Exchange. Further details of the issue of senior notes were disclosed in the announcements of the Company dated March 8, 2017, March 14, 2017 and March 21, 2017.

On March 21, 2017, Foshan Glory Xingye Real Estate Co., Ltd. (佛山市國瑞興業地產有限公司), an indirect subsidiary of the Company, won the bid to acquire a land parcel in Xiqiao Town (西樵鎮) of Nanhai District (南海區) in Foshan (佛山市) measuring a total of approximately 63,951.5 sq.m. through listing-for-sale for a total consideration of RMB 1,673.5 million. As of the date of this report, the Company has received the relevant confirmation letter on bidding for granting land use rights but has not yet signed the relevant land use rights grant contract. The Company plans to develop residential housing on such parcel of land.

Save as disclosed in this report, there is no material post balance sheet event undertaken by the Company or by the Group after December 31, 2016.

CHARITABLE DONATIONS

For the Reporting Period, the Group made charitable and other donations in a total amount of RMB9.8 million.

AUDITOR

Deloitte Touche Tohmatsu has acted as auditor of the Company for the Reporting Period. Deloitte Touche Tohmatsu shall retire in the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an independent expert.

On behalf of the Board
Zhang Zhangsun
Chairman

Beijing, the PRC, March 27, 2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT ESG REPORT

The Environmental, Social and Governance Report (the "**ESG Report**") elaborated the various work of the Group in implementing the concept of sustainable development and fulfilling its corporate citizenship performance and its performance in social and governance in 2016.

1.1 Scope of the Report

The ESG Report focused on the environmental and social performance of the core business of the Group in the mainland China from January 1, 2016 to December 31, 2016. For detailed information of Corporate Governance, please refer to the Corporate Governance Report of this annual report.

1.2 Reporting Framework

The ESG Report was prepared based on the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange.

1.3 Stakeholder Engagement

The Preparation of the ESG Report, which was supported by employees from the Group's different departments, enabled the Group to have a better understanding of its current environmental and social development. The information the Group gathered were not only a summary of the environmental and social work carried out by the Group during 2016, but also the basis for the Group to make short and long term strategies for sustainable development.

1.4 Information and Feedbacks

For detailed information about the environmental, social and corporate governance, please refer to the official website of the Group (http://www.glorypty.com) and the annual report. Your opinions will be highly valued by the Group. If you have any advices or suggestions, please email at: ir@glorypty.com.

2. ENVIRONMENTAL PROTECTION

To ensure the Group's projects fulfill the national environmental requirements, the Group always strives to abide strictly by and has complied with all the applicable PRC laws and regulations that have a significant impact on it, such as Law of the People's Republic of China on the Environmental Protection, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and Law of the People's Republic of China on Energy Conservation.

2.1 Wastewater Discharge

The wastewater produced by the Group's operation is mainly industrial effluent wastewater and domestic sewage.

For the industrial wastewater, as any industrial polluted water from the construction sites should not be discharged unless it is precipitated, sedimentation tanks are installed near concrete mixing plants, concrete pumps as well as places for cleaning transport vehicles to ensure that no wastewater will be discharged directly into the urban sewage pipe system. Several construction sites are even installed with secondary sedimentation tanks to treat wastewater and the treated water will be reused in reducing dust. Furthermore, the Group has employed authorized subcontractors to regularly clear up sediments inside the tanks to ensure efficient operation.

Domestic sewage includes wastewater produced in kitchens and washrooms. As for the former, the Group has equipped all staff canteens and kitchens with oil-separating tanks to filter waste oil and ensure that the discharged meets the national standards on water quality. Besides, the Group has arranged specialists to regularly drain waste oil from the tanks for preventive maintenance purpose. For the latter, the sanitary wastewater is directed to septic tanks before discharging into the onsite sewage pipe system. At the same time, environmental administrators in charge of a project would work closely with the local hygiene department for regular cleaning of the tanks.

2.2 Solid Waste Treatment

The Group practises waste classification management when treating solid waste, with an aim to reducing and reusing so as to minimize the negative impact to the environment. Designated areas and facilities for disposing solid waste are set in office areas and construction sites, which also allow implementation of the waste classification management.

For hazardous waste, the Group would independently classify and identify the waste for closed storage. In addition, the Group regularly works with qualified parties to collect and process the waste. For instance, used cartridges, image drums, batteries and other harmful waste are stored separately for recycling and processing. Non-hazardous waste are classified and stored by waste sorting. For instance, waste papers and other recyclable waste are handled by recycling companies after collection. As for those non-recyclable and non-hazardous, construction waste are grouped onsite and handled by authorized contractors after the construction works, while household waste are timely collected by designated staff and disposed at appropriate venues for the collection by local hygiene department. Designated staff is assigned to manage the operation to avoid inappropriate handling of waste.

2.3 Air Emission

To control and reduce the emission of exhaust gas at construction site during a project, the Group gives priority to the use of environmentally-friendly techniques, fuels, and equipment. For instance, the Group encourages the use of innovated welding technologies and promotes to its employees the use of welding electrode with low fume. In production plants and living areas, the Group avoids using highly-polluted fuels while clean energy like natural gas is used to reduce the negative impact on the surrounding environment. In the meantime, by enhancing the maintenance of construction machines as well as vehicles, the equipment is operated in good condition and conforms to the environmental requirements on vehicle exhaust gas emission.

Further, in terms of dust control, the Group has set up rinsing facilities near entrances and exits of construction sites to clean up every vehicle before leaving the sites to prevent pollution. During the transport of materials which can easily spread dust, such as cement, lime, and soil, workers are required to tightly cover the materials to prevent dust from spreading. The Group also arranges for timely sweeping the roads near the sites and sprinkling water to reduce dust.

2.4 Resources Usage and Conservation

The Group values the concept of resources conservation and actively promotes the application of new techniques, new materials, and new processes so as to reduce the usage of construction materials. The Group strictly follows the approved plans to purchase and accept materials so as to avoid deterioration or damage because of excessive inventory. In the meantime, the Group reinforces the recycle and reuse of used materials, repairs the old materials, and recycles the wastes to reduce waste. The Group also encourages its employees to practise double-sided printing and paper recycling, to communicate via electronic platforms, to prepare documents with computers, and to finalize drafts in softcopies or only print them on the back of wastepaper, for the purpose of reducing office paper waste.

Concerning the consumption of water and electricity, the Group makes good use of water and electricity and improves the efficiency by strengthening management and preparing energy saving plans. Qualified materials and energy-saving appliances are used and installed according to the national requirements to avoid water or electricity leakage. Energy-saving trainings are provided and employees are encouraged to turn off unused electrical devices or lights when leaving office.

2.5 Green Environmental and Natural Resources Protection Concept

Apart from fulfilling the goal of energy saving, the Group has also introduced green elements into its projects to support the national environmental protection concept.

Project – Xi'an Guorui Finance Center

Taking Xi'an Guorui Finance Center as an example, the Group used green materials, green design as well as ground greening design in the project, and successfully obtained the LEED - Gold Pre-Certification under leadership in energy and environmental design for core & shell development from the U.S. and the Two-star Certificate of Green Building Design Label from China.

In the process of purchasing construction materials, the Group selects products which are green, environmental-friendly, and energy-efficient to minimize the negative impacts posed to the surrounding areas. For all materials used in the construction, such as raw materials, finished products, semi-finished products, components, appliances, equipment, the Group regularly checks the content to avoid harmful substances and only those meeting the applicable standards would be used. During construction, green and scientific construction methods and technologies are introduced to reduce risks of doing harms to the environment. Going forward, the Group aims to continue to take environmental protection and humanism requirements into account in its projects, and to achieve green and energy saving from the source (從源頭實現綠色節能效果). When selecting materials, the Group would request contractors to use local materials whenever possible so that carbon emission can be reduced during transportation.

As this project takes place in the living area near the construction site, all buildings within the area, including dormitories, dining halls, toilets, service facilities, offices, warehouses, and guard rooms, are portable houses which can easily dismantled, recyclable and environmentally-friendly. Environmentally-friendly flush toilets are equipped and solar energy technology is adopted to ensure supply of hot water. Scientific plans and arrangements are arranged and reviewed. According to the construction scale, the Group would adjusts the number of employees staying in the living area while social resources wouldbe utilized to help solve their living problems. By minimizing the scale of living area, the Group aims to reduce the harm to the environment.

After fully studying the situation, the Group considers both the site usage during construction and the future landscape and greening design when preparing an overall development plan. By launching trees planting since the beginning, the Group hopes the project can satisfy the normal construction operations on one hand, and create a green and verdant work place on the other hand.

3. SOCIAL – CARING EMPLOYEES

In respect of employees, labors and their health, safety, development and training, the Group has put in place a number of policies as set out in this section which support the Group to comply with all applicable PRC laws and regulations that have a significant impact on it.

Employees are key to enterprise development. The Group therefore cherishes every employee and develops with employees together. When recruiting talents, the Group ensures its full compliance with the relating laws including Labor law of the People's Republic of China and Labor Contract Law of the People's Republic of China. Through its employment policy, the Group ensures its employees are treated fairly and equally. The Group looks for talents by considering their academic knowledge, morality, ability, and relevant work experience. No employee is treated unfairly due to his or her sex, race, religion, age, disability, sexual orientation, nationality, political views, social statues, or racial background. All candidates deem suitable for the job are invited to interviews.

The Group strictly follows the Provisions on Prohibition of Child Labor of the People's Republic of China. It would thoroughly check the identity documents of all newly recruited to avoid hiring child labor. As prescribed by the PRC law and regulations, the Group promptly signs labor contracts with all new employees, where their post and job duties are listed clearly. This helps guarantee that employees fully understand their job aspects and prevent forced work beyond duty. The Group adopts standard working hour and each district may individually adjust their working hours depending on its local condition. However, each employee should generally work 8 hours a day. For employees who have left the Group, the Group typically would arrange the handover on the last day of work as well as pay the outstanding salary and provide the departure proof in accordance with the applicable PRC law and regulations.

3.1 Performance and Training

3.1.1 Training Management

To allow new employees of the Group to adapt to the new working environment faster and better, the Group has established an induction programme named Mentorship Programme, under which new employees receive guidance from designated mentors during their probation period. The mentors, assigned by department heads of the new employees, are responsible for helping the new employees to acquaint themselves with the new working environment and communicating with the new employees to get familiarize with the Group's codes of conduct and business procedures. During the probation period, the Group also provides orientation training to the new employees, which includes introduction of the Company's profiles, cultures, regimes and procedures and allows them to better understand the Group's operation model.

In addition, the Group provides all its employees with abundant learning resources. The employees can attend relevant trainings according to their professional background and business needs. Training courses are mainly divided into internal training and external training. For the internal training, the Group offers courses including orientation training for the new employees, on-the-job training, job-rotation training. These trainings are offered in forms of theme training, learning exchange, and departmental teaching. For the external training, the Group offers operation or management related visits or study tours, or outbound trainings which deem beneficial for employee's career development. Evaluations on course satisfaction, work organization, learning assessment, and application are arranged after training to ensure training quality and efficiency.

3.1.2 Performance Appraisal System

The success of the Group also relies on a comprehensive performance evaluation and management system. Performance management is a kind of process management which is used to determine performance objectives, evaluate performance, identify performance capability and development needs, thereby assisting the Group to achieve our business strategy. Performance management is divided into four areas, namely performance plan, performance counseling, performance evaluation, and application of performance result.

The performance plan is designed to allocate the Group's operational strategies and business objectives to employees' personal career goals and development plans. With the employees performing such objectives and plans, the Group can achieve the overall goal on one hand, while the skills of employees can be developed and improved on the other hand. Department heads would provide continuous guidance to the employees so that they can achieve the objectives more effectively. By regular appraisal, employees' performance and contribution to the Group can be reviewed. Those employees with outstanding performance may be promoted, offered project-based bonus or entitled to annual salary adjustment. These may motivate the employees and encourage them to make continuous good performance.

3.2 Employees' Benefits

The Group values the work performed by employees and is committed to providing them with competitive remuneration and benefit at the market level. The Group regularly adjusts employees' salary with reference to various factors, including the current market level, the performance appraisal, and the overall business performance. Apart from offering competitive remuneration packages, the Group also provides performance bonus and other benefits to the employees. In accordance with the requirements of the applicable PRC laws and regulations, the Group provides five insurances and one housing fund to the employees, namely pension insurance, unemployment insurance, work-related injury insurance, medical insurance, maternity insurance, and housing provident fund. Corresponding adjustments would be made according to different local regulations or standards so as to provide the employees with proper benefits. The employees are also entitled to enjoy statutory holidays, funeral leave, wedding leave, maternity leave and lactation leave, etc. In addition, the Group provides other staff benefits including wedding gift, birthday wishes, and employees' lunch. The employees are also given holiday subsidies on a number of important festive occasions.

The Group cares about both the physical and mental health of the employees and encourage work-life balance. Therefore, during 2016, the Group held the first Family Day at the Happy Valley, Beijing. Over 400 employees and their families participated in the event. Apart from sharing an enjoyable moment, the event enhanced the cohesion between the Group and its employees.

3.3 Caring Occupational Safety

The Group adheres to the principle of "People-oriented" and strictly enforces the relevant laws and regulations on labour protection, such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Law of the People's Republic of China on Production Safety, the Management Rule of Safety in Production of the Construction Project, etc. The Group has established the occupation safety and health management system to ensure that the legitimate rights and interests of both office workers and construction workers are guaranteed and their health are protected. The Group also strives to achieve the health and safety goal of eliminating all occupational diseases.

3.3.1 Safety and Civilized Production Management

Establishing and maintaining a safe and civilized production management system is one of the fundamental policies of the Group which always strives to adhere to the policy of "Safety and Precaution Come First". During production, the Group would request the construction contractors to pay attention to and strengthen the safe and civilized production management at construction sites. The contractors are required to prepare relevant documents for safe production including proposal, inspection, and summary. People are always the prime concern of the Group in the process of safe production. The Group requires the construction contractors to continuously improve the qualities of workers to achieve safe production. Therefore, the Group also requires the contractors to set up leadership teams for safe and civilized production, which are responsible for offering relevant trainings and safety education to construction workers. The trainings mainly focus on safe construction, inspection standards as well as safe operation process. Through different forms of on-site safety meetings and assessments, the workers are equipped with diversified knowledge including construction safety, electric safety, emergency aids and other trainings for specialties. Meanwhile, the teams are required to supervise and inspect the implementation of safe and civilized production to ensure safety. The Group also regularly examines the construction sites and cooperates with relevant supervisory departments for possible improvement.

3.3.2 Precautions and Safety Measures

The Group provides all employees with annual health checks to protect their health. It also grows green plants to beautify the environment as well as installs air purifiers to purify the air in headquarters offices. The Group stresses the safety of construction workers and requires all contractors to provide relevant physical examinations for those who are working in the high-risk environment so as to minimize the possible harms posed to the workers. The contractors shall prepare health records for each construction worker where the results of health check are filed. The contractors shall also ensure the integrity, authenticity and traceability of the records. The Group requests the construction contractors to provide adequate medical supplies at the construction sites in case of emergency. In addition, the construction contractors shall take measures to prevent dust, toxicity and noise. For instance, when treating toxic raw materials and semi-finished products, the construction contractors should take strict custody measures and implement the registration system to eliminate the leakage and spread of toxic substances to protect workers' health. The construction contractors should prepare masks, ear plugs, protective gloves, dustproof glasses, anti-virus masks and other protective equipment for workers who have to contact with dust and toxic materials or work in heavy noise for safety.

4. SOCIAL-SERVICE GUARANTEE

In respect of the Group's operation, including supplier management, product responsibility and anti-corruption measures, the Group has put in place a number of policies as set out in this section which support the Group to comply with all applicable PRC laws and regulations that have a significant impact on it.

The Group always aims at improving customers' living quality. Apart from understanding the customers' needs, it also strictly follows the relevant national laws and regulations, including the Construction Law of the People's Republic of China, the Land Administration Law of the People's Republic of China, and the City Planning Law of the People's Republic of China, to ensure its projects are in line with national requirements. At the same time, it also abides by the Advertisement Law of the People's Republic of China, the Intellectual Property Law of the People's Republic of China, the Copyright Law of the People's Republic of China, to provide clear and authentic information in advertisement, and respect the copyright and patent of others.

4.1 Supplier Selection

The major suppliers of the Group include construction materials suppliers, equipment suppliers, construction contractors and design companies. In the process of selection, the Group would conduct a prequalification inspection and interview to the suppliers to preliminarily shortlist the qualified suppliers. A further site inspection will be conducted according to the actual bidding requirement. The most suitable suppliers are selected after the Group considers their qualification certifications, management systems, construction quality, design capabilities, comprehensive quality and other relevant criteria.

In order to manage different suppliers, the Group has established a comprehensive supplier list which is divided into qualified suppliers, trial suppliers and disqualified suppliers and updated the list frequently. Disqualified suppliers are not eligible to the Group's tender invitations or contract involvement in the next two fiscal years. For those suppliers who have passed the interview, they are placed in the trial supplier list. If there is no record of cooperation within two fiscal years since the date of entering the trial supplier list, the supplier should be re-examined. For the qualified suppliers, the Group would conduct performance evaluations according to the areas of process management, quality management, safety and civilized management, and after sales service, and regularly update the supplier list. If there is no record of cooperation within two fiscal years since the date of entering the qualified supplier list, they will be downgraded to the trial supplier list for further observations. The Group expects that through regular review, the quality of its suppliers is maintained.

4.2 Quality Control

The Group has committed to guarantee the quality of its projects. Its operations and engineering management center is not only responsible for the overall supervision and management of the project, but also providing guidance and supervision to the project management, including the key issues, measures, progress and quality control of the constructions.

To ensure that the progress and quality of the projects meet the expected requirements, the regional subsidiaries have formulated a number of comprehensive management systems and measures which are in accordance with the Group's management requirements and the actual situation of the project such as the scale of the project, the complexity of the technical specification, the management standard of the construction contractors and the management standard of the supervision counterparts. The operations and engineering management center of the Group regularly conducts on-site inspections to the construction projects, supervise the projects, inspect the project quality, and monitor the implementation of the safety and civilized construction requirements.

The Group has also formulated the Quality Control and Safety Requirements in Construction, whereby the regional subsidiaries request the supervision counterparts and construction contractors to strictly comply with the requirements, and make sure that the project quality and safety are under control before, during and after the project. In order to ensure that all necessary permits, licenses and regulatory approvals are ready prior to the commencement of construction and have a better control, before starting a new project, the Group would request the regional subsidiaries to submit a report, including the acquisition of various types of licenses and the construction preparation progress to the operation and engineering management center. During the project, the regional subsidiaries is responsible for supervising and controlling the construction contractors. For example, the leakage test of the drainage system and the heating system, the temperature insulation of the roof and wall insulation, etc. At completion inspections, the regional subsidiaries would concentrate on the common quality issues reflected by the customers, such as uneven and non-square ceiling and ground, plaster cracking and shedding, waterproof leakage, condensation, entrance doors, windows opening and metal hardware usage will not be accepted, and conduct the inspections strictly. The inspection would not be passed if the quality is not up to the standards so as. to ensure the quality of the property.

4.3 Information Security

With a view to strengthening its record and information management, and storing the archives comprehensively and confidentially, the Group has developed a record management system and signed Employee Non-Disclosure Agreement with the employees. The Group has requested its employees to handle and store the confidential record of customers and itself properly. It is prohibited to copy and photocopy any documents without permissions to avoid leakage of any confidential information to the third parties. The Group also allocates specific filing rooms and filing cabinets for each department, with waterproof and moisture-proof requirements, to ensure the record has been stored in good conditions.

4.4 Construction of a Clean Administration

The Group strictly abides by the Criminal Law of the People's Republic of China and emphasizes the construction of a clean administration during process of project construction. The Group closely monitors all activities of the engineering construction projects and the construction counterparts, and prevents any kinds of violations of law and illegitimate personal behavior from happening, to protect the lawful rights of the country, the collective and all the parties concerned. According to the regulations of the national constructions and incorrupt responsibility, construction contractors should sign the letters of responsibility and commitment with the Group. Both parties shall not ask for or accept kickbacks, gifts, securities, valuables, favors fee, appreciation fee and etc, to prevent corruption and bribery happened.

5. SOCIAL-COMMUNITY INVOLVEMENT

As a social enterprise with conscience, while focusing on its own development, the Group also actively supports the work and operations of charity organizations to help the disadvantaged. During 2016, the Group donated RMB9,820,000 in total aiming at improving the community and social development.

5.1 Support for Welfare Projects

The Group spares no efforts to help disadvantaged communities and the needy through donations and sponsorship. For instance, during 2016, it donated RMB5,000,000 to a southwest village in Xinxi town for local livelihood construction projects, which is used for the road construction of the village to improve the local lives of residents. It also donated RMB300,000 to the Shantou Charity Foundation to assist the poor in East Lake village, Xi Lu twon, Chaoyang District of Shantou City.

5.2 Support for Scientific Research Development

Besides providing support for the disadvantaged community, the Group also emphasizes the scientific research development in the society. For instance, it donated RMB3,000,000 to the Shantou Chaoshan Xinghe Foundation (汕頭市潮汕星河基金會) during 2016 for establishing Chaoshan Xinghe Guorui Scientific Award (潮汕星河國瑞科技獎) to praise the scientific counterparts who have made outstanding achievements in scientific and technological innovations. It also donated RMB 100,000 to the Shenzhen Institute of Industry and Research Cooperation for supporting research and development.

5.3 Support for Education

The Group also actively supports the development of education to nurture future talents. For instance, during 2016, it donated RMB1,000,000 to Yongqing First Middle School and held the School and Enterprise Cooperation Forum, so as to help school overcome difficulties and solve financial crisis. The school can therefore continue operating and nurture our next generations.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the annual report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Group is committed to maintaining high standards of corporate governance with a view to assure the conduct of management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operations of the Group and will not have a negative impact on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law and real estate and have contributed to the Board with their professional opinions.

The Board is also responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out reviews of the existing implemented system and procedures, including internal control measures of financial and operational compliance and risk management functions of the Group.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate liability insurance to indemnify the Group's Directors for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

Board Composition

The Board currently comprises four executive Directors, namely Mr. Zhang Zhangsun, Mr. Ge Weiguang, Ms. Ruan Wenjuan and Ms. Zhang Jin, and three independent non-executive Directors, namely Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru. The biographies of the Directors are set out under the section headed "Directors' and Senior Management's Profiles" of this annual report.

For the Reporting Period, the Board at all times met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, listed issuers are required to appoint independent non-executive Directors representing at least one-third of the Board. The Company has three independent non-executive Directors currently representing one-third of the Board and therefore the Company has complied with Rule 3.10A of the Listing Rules.

Under code provision A.5.6 of the CG Code, listed issuers are required to adopt a board diversity policy. The Company has adopted a board diversity policy and therefore complied with this code provision. A summary of the board diversity policy is set out under "Board Committees — Nomination Committee" below.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Ms. Ruan Wenjuan and Ms. Zhang Jin are, respectively, the spouse and daughter of Mr. Zhang Zhangsun, the Chairman and one of the Controlling Shareholders of the Company. Save as disclosed in this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee.

With regards to the CG Code provision requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and an indication of the time involved, all the Directors have agreed to disclose their commitments and any change to the Company in a timely manner.

Directors' Training and Continuous Professional Development

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 induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme for any newly-appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and all relevant legal and regulatory requirements.

The Company also arranges regular seminars to provide all Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Joint Company Secretaries from time to time update and provide written training materials relating to the roles, functions and duties of a Director and all the Directors are encouraged to study such materials.

For the Reporting Period, each of the Directors, namely Mr. Zhang Zhangsun, Mr. Ge Weiguang, Ms. Ruan Wenjuan, Ms. Zhang Jin, Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru has attended a formal and comprehensive training. The Company has received confirmation from all Directors of their respective training records for the Reporting Period.

Chairman and President

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organization structure of the Company, Mr. Zhang Zhangsun is our Chairman of the Board and president. With extensive experience in the property industry, the Board considers that vesting the roles of chairman and president in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Appointment and Re-Election of Directors

Each of the executive Directors has entered into a service agreement with the Company on June 5, 2014 for a term of three years commencing from the date of Listing and may be terminated in accordance with the respective terms of the service agreements.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on June 5, 2014, for an initial term of three years commencing from the date of Listing.

None of the Directors has a service agreement which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Company's articles of association (the "**Articles**"), one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company and all Directors are subject to retirement by rotation at least once every three years. The Board shall have power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election of that meeting. Subject to the Articles and the Companies Law of the Cayman Islands, the Company may by ordinary resolution elect any person to be a director either to fill a casual vacancy or as an addition to the existing Directors. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At the AGM, Mr. Ge Weiguang, Ms. Zhang Jin and Ms. Chen Jingru, shall retire and being eligible, shall offer themselves for re-election.

The procedures and process of appointment, re-election and removal of Directors are set out in the Company's articles of association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Board Meetings

The Company adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board Committees meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the Joint Company Secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committees meetings are recorded in sufficient detail the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committees meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting was held. The minutes of the Board meetings and Board Committees meetings are open for inspection by Directors.

For the Reporting Period, eight Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Zhang Zhangsun	8/8
Mr. Ge Weiguang	8/8
Ms. Ruan Wenjuan	8/8
Ms. Zhang Jin	8/8
Mr. Luo Zhenbang	8/8
Mr. Lai Siming	8/8
Ms. Chen Jingru	8/8

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the Reporting Period.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include:

(i) to formulate and review the Company's policy and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

General Meetings

For the Reporting Period, one general meeting was held on May 27, 2016 and the attendance of the individual Directors at the meeting is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Zhang Zhangsun	1/1
Mr. Ge Weiguang	1/1
Ms. Ruan Wenjuan	1/1
Ms. Zhang Jin	1/1
Mr. Luo Zhenbang	1/1
Mr. Lai Siming	1/1
Ms. Chen Jingru	1/1

BOARD COMMITTEES

Nomination Committee

The Nomination Committee comprises three members, being one executive Director, namely Mr. Zhang Zhangsun (chairman), and two independent non-executive Directors, namely Mr. Luo Zhenbang and Mr. Lai Siming. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Nomination Committee include:

– to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;

– to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

– to make recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and

– to assess the independence of independent non-executive Directors.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

With a view to enhancing Board effectiveness and corporate governance, the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company adopted the Board Diversity Policy with measurable objectives. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates is based on a range of diversity perspectives, including but not limited to age, cultural and educational background, professional and industry experience, skills, knowledge, ethnicity and other qualities essential to the Company's business, and merit and contribution that the selected candidates will bring to the Board. The Board will review such measurable objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

For the Reporting Period, one meeting of the Nomination Committee was held and the attendance record of the Nomination Committee members is set out in the table below:

Directors	**Attended/ Eligible to attend**
Mr. Zhang Zhangsun	1/1
Mr. Luo Zhenbang	1/1
Mr. Lai Siming	1/1

The Nomination Committee assessed the independence of the independent non-executive Directors and made recommendations to the Board on the appointment and re-appointment of Directors.

Remuneration Committee

The Remuneration Committee comprises three members, being two independent non-executive Directors, namely Mr. Lai Siming (chairman), and Mr. Luo Zhenbang, and being one executive Director, Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Remuneration Committee include:

(i) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;

(ii) to make recommendations to the Board on the remuneration of individual executive Directors and senior management, including benefits in kind, pension rights and compensations (including any compensation payable for loss or termination of office or appointment);

(iii) to make recommendations to the Board on the remuneration of non-executive Directors;

(iv) to ensure that no Director or any of his/her associates is involved in determining his/her own remuneration; and

(v) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment terms for other positions of the Group.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

For the Reporting Period, one meeting of the Remuneration Committee was held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Lai Siming	1/1
Ms. Ruan Wenjuan	1/1
Mr. Luo Zhenbang	1/1

The Remuneration Committee discussed and reviewed the remuneration policy for all Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and senior management.

Details of the remuneration by band of the ten members of the senior management of the Company, whose biographies are set out on pages 220 to 222 of this annual report, for the Reporting Period are set out below:

Remuneration band (RMB'000)	Number of individual
below 700	1
700 to 1,000	4
above 1,000	5

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Luo Zhenbang (chairman), Mr. Lai Siming and Ms. Chen Jingru. The main duties of the Audit Committee include:

– to monitor and review the financial statements, annual reports and accounts, half-year reports and quarterly reports (if any), and to review significant financial reporting judgments contained in them and to consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board;

– to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and

– to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

For the Reporting Period, two meetings of the Audit Committee were held and the attendance record of the Audit Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Luo Zhenbang	2/2
Mr. Lai Siming	2/2
Ms. Chen Jingru	2/2

The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions), risk management systems and processes and the re-appointment of the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

They also reviewed interim and final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in the course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Internal Control Committee

The Internal Control Committee comprises three members, being two independent non-executive Directors, namely Ms. Chen Jingru (chairman), Mr. Luo Zhenbang and being one executive Director, Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors. The main duties of the Internal Control Committee include:

(i) to formulate and implement internal control handbook, policies and guidelines in relation to project management, cash flow management, capital management and internal audit procedures and make recommendations to the Board;

(ii) to monitor the Company's internal control status, including but not limited to project development, lease registration and non-compliant inter-company loans;

(iii) to develop and monitor the implementation of internal control communication channels between different departments within the Company to ensure their effectiveness; and

(iv) to review and discuss the solutions to regulatory, compliance and internal control related matters and report to the Board on a quarterly basis.

For the Reporting Period, two meetings of the Internal Control Committee were held and the attendance record of the Internal Control Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Ms. Chen Jingru	2/2
Mr. Luo Zhenbang	2/2
Ms. Ruan Wenjuan	2/2

The Internal Control Committee reviewed the Company's internal control status, internal audit policy and procedures, human resources policy and risk management system.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of Directors and five highest paid employees have been set out in note 11 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Reporting Period in accordance with statutory requirements and applicable accounting standards, which give a true and fair view of the affairs of the Group and of its results and cash flows. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 262 to 267 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining adequate risk management and internal control systems to safeguard Shareholders' investments and Company's assets and reviewing the effectiveness of such systems on an annual basis. The Group has established a robust risk management and internal control framework, which consists of the Board, the Audit Committee, the Internal Control Committee and the Senior Management of the Group.

The Board, through the Audit Committee and Internal Control Committee, determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the overall effectiveness of risk management. The Group identifies key risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans are then established by the risk owners to manage the risk to acceptable level.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial conditions and internal control of the Company and conducting comprehensive audits of all subsidiaries of the Company on a regular basis.

The Board, through the Audit Committee and Internal Control Committee, has conducted a review of the effectiveness of the risk management and internal control systems covering all material controls, including financial, operational and compliance controls and risk management functions and, in particular, considering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function. Based on comments from the Audit Committee and Internal Control Committee, the Board considered such systems to be effective and adequate.

AUDITORS' REMUNERATION

For the Reporting Period, the fees payable to the external auditor, Deloitte Touche Tohmatsu, was RMB2.5 million for audit services and RMB1.4 million for other services including but not limited to review of interim results and preliminary announcement.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin, the Joint Company Secretary, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Kwong Yin Ping, Yvonne, vice president of SW Corporate Services Group Limited (a company secretarial services provider), as its Joint Company Secretary to assist Ms. Zheng Jin to discharge her duties as company secretary of the Company. The primary corporate contact person at the Company is Ms. Zheng Jin, the Board Secretary and Joint Company Secretary.

For the Reporting Period, Ms. Zheng Jin and Ms. Kwong Yin Ping, Yvonne have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

The AGM of the Company provides opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company, and the chairmen of the Board Committees of the Company will attend the AGMs to answer Shareholders' questions. The external auditor of the Company will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at www.glorypty.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at Shareholder meetings, including the election of individual Directors.

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Stock Exchange and the Company in a timely manner after each Shareholder meeting.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to article 12.3 of the Articles, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company. As regards proposing a person for election as a Director, the procedures are available on the Company's website.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in Hong Kong at Suite 5103A, 51/F, Central Plaza, 18 Harbour Road, Hong Kong (email address: ir@glorypty.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

There is no significant change in constitutional documents of the Company during the Reporting Period.

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhang Zhangsun *(Chairman)*
Mr. Ge Weiguang
Ms. Ruan Wenjuan
Ms. Zhang Jin

Independent Non-Executive Directors

Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (CPA)
Ms. Kwong Yin Ping, Yvonne (FCIS, FCS)

AUTHORIZED REPRESENTATIVES

Mr. Ge Weiguang
Ms. Zheng Jin

AUDIT COMMITTEE

Mr. Luo Zhenbang *(Committee Chairman)*
Mr. Lai Siming
Ms. Chen Jingru

REMUNERATION COMMITTEE

Mr. Lai Siming *(Committee Chairman)*
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

NOMINATION COMMITTEE

Mr. Zhang Zhangsun *(Committee Chairman)*
Mr. Lai Siming
Mr. Luo Zhenbang

INTERNAL CONTROL COMMITTEE

Ms. Chen Jingru *(Committee Chairman)*
Mr. Luo Zhenbang
Ms. Ruan Wenjuan

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Beijing Co., Ltd.

LEGAL ADVISORS

As to Hong Kong Law
Shearman & Sterling
12/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE HEAD OFFICE IN HONG KONG

Suite 5103A, 51/F, Central Plaza
18 Harbour Road
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

No.15 Zhushikou East Street
Dongcheng District
Beijing
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING INFORMATION

Share Listing
The Company's ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 02329

WEBSITE

http://www.glorypty.com/

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF GUORUI PROPERTIES LIMITED (INCORPORATED UNDER THE NAME OF "GLORY LAND COMPANY LIMITED (國瑞置業有限公司)" IN THE CAYMAN ISLANDS AND CARRYING ON BUSINESS IN HONG KONG AS "GUORUI PROPERTIES LIMITED")

OPINION

We have audited the consolidated financial statements of Guorui Properties Limited (Incorporated Under The Name Of "Glory Land Company Limited (國瑞置業有限公司)" In The Cayman Islands And Carrying On Business In Hong Kong As "Guorui Properties Limited") (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 268 to 389, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter because the valuation process is based on an estimation of future results, a set of assumptions and a determination of key inputs, which are judgmental. Any changes to these inputs may have a significant impact on the fair value. Management determined the fair value of the Group's investment properties at December 31, 2016 with the assistance of an external valuer. Details of the investment properties and the related key estimation uncertainty are set out in notes 4 and 15, to the consolidated financial statements.	Our procedures in relation to valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the external valuer engaged by management. • Obtaining a copy of valuation report prepared by the external valuer and discussing with the external valuer to understand the basis of determination of valuation. • Challenging the external valuer the methodologies and judgments used in valuing the investment properties and obtaining the market evidence that the external valuer used to support the key inputs. • Assessing the adequacy of the disclosures of the fair value measurement of investment properties including the fair value measurement hierarchy, the valuation technique and significant unobservable inputs in the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue from sales of properties We identified the revenue from sales of properties as a key audit matter due to the significance of the amount and volume of sales transactions recognised during the year. Details of revenue from sales of properties are set out in note 5 to the consolidated financial statements.	Our procedures in relation to revenue from sales of properties included: • Testing key internal controls over revenue recognition on a sample basis. • Selecting property sales transactions on a sample basis and: reading the signed sales and purchase agreements to understand the relevant terms of the timing of property delivery and title transfer. obtaining evidence regarding the property delivery and title transfer. reconciling the monetary amounts of recorded transactions and related payments to the signed sales and purchase agreements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Mok, Sau Fan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 27, 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2016

	NOTES	2016 RMB'000	2015 RMB'000
		Year ended December 31,	
Revenue	5	8,034,581	6,514,304
Cost of sales and services		(4,916,491)	(3,835,485)
Gross profit		3,118,090	2,678,819
Other gains and losses	6	(23,671)	(6,956)
Other income	7	20,227	13,170
Gain on fair value change of investment properties	15	851,934	783,601
Selling expenses		(260,817)	(246,156)
Administrative expenses		(329,129)	(358,709)
Other expenses	8	(18,656)	(26,388)
Finance costs	9	(126,824)	(141,095)
Share of result of associates	18	(727)	3,312
Profit before tax	10	3,230,427	2,699,598
Income tax expenses	12	(1,274,739)	(1,116,109)
Profit and total comprehensive income for the year		1,955,688	1,583,489
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		1,562,956	1,260,550
Non-controlling interests		392,732	322,939
		1,955,688	1,583,489
Earnings per share, in Renminbi cents:	13		
Basic		35.38	28.62
Diluted		35.04	28.28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2016

	NOTES	At December 31, 2016 RMB'000	2015 RMB'000
Non-current assets			
Investment properties	15	16,674,500	15,065,850
Property, plant and equipment	16	198,468	130,248
Other non-current assets	17	794,099	3,490
Interest in an associate	18	—	32,196
Available-for-sale investments	19	165,192	165,192
Prepaid lease payments	20	287,473	3,013
Deposit paid for acquisition of a subsidiary	46	—	70,000
Deferred tax assets	21	290,533	160,336
Restricted bank deposits	29	135,167	38,686
		18,545,432	15,669,011
Current assets			
Inventories		105	73
Prepayment/deposits paid for land acquisition	22	365,010	2,929,848
Properties under development	23	19,005,089	9,667,914
Properties held for sale	25	3,118,955	2,719,459
Trade and other receivables,deposits and prepayments	26	803,477	870,875
Amounts due from customers for contract work	27	1,363,512	1,222,245
Prepaid taxes		125,267	39,270
Amount due from a related party	46	5,000	1,063
Financial assets at fair value through profit or loss	28	97	70,097
Restricted bank deposits	29	151,499	80,898
Cash and bank balances	30	1,234,250	1,956,263
		26,172,261	19,558,005
Current liabilities			
Trade and other payables	31	6,029,313	4,910,116
Deposits received from sale of properties	32	2,680,425	1,611,699
Amounts due to related parties	46	225,513	55,057
Taxation payable	33	1,894,475	1,477,701
Bank and other borrowings - due within one year	34	2,877,489	3,718,997
		13,707,215	11,773,570
Net current assets		12,465,046	7,784,435
Total assets less current liabilities		31,010,478	23,453,446

At December 31, 2016

	NOTES	At December 31, 2016 RMB'000	2015 RMB'000
Non-current liabilities			
Other payables	31	77,794	65,970
Bank and other borrowings - due after one year	34	13,030,378	8,579,128
Corporate bonds	35	3,980,214	2,977,127
Deferred tax liabilities	21	2,111,242	1,903,251
		19,199,628	13,525,476
Net assets		11,810,850	9,927,970
Capital and reserves			
Share capital	36	3,513	3,511
Reserves		9,480,344	8,115,985
Equity attributable to owners of the Company		9,483,857	8,119,496
Non-controlling interests		2,326,993	1,808,474
Total equity		11,810,850	9,927,970

The consolidated financial statements on pages 268 to 389 were approved and authorised for issue by the Board of Directors on 27 March, 2017 and are signed on its behalf by:

DIRECTOR
Ge Weiguang

DIRECTOR
Ruan Wenjuan

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

	Attributable to owners of the Company										
	Share capital RMB'000	Share Premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000 (note i)	Equity-settled share-based payment reserve RMB'000 (note 38)	Treasury shares reserve RMB'000	Statutory surplus reserve RMB'000 (note ii)	Retained earnings RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At January 1, 2015	3,509	1,239,244	133,379	(36,845)	24,306	(56,242)	489,869	5,219,102	7,016,322	1,520,122	8,536,444
Profit and total comprehensive income for the year	—	—	—	—	—	—	—	1,260,550	1,260,550	322,939	1,583,489
Appropriate to reserve	—	—	—	—	—	—	183,451	(183,451)	—	—	—
Dividend declared to the shareholders of the Company	—	(209,914)	—	—	—	—	—	—	(209,914)	—	(209,914)
Dividend declared to the non-controlling interests	—	—	—	—	—	—	—	—	—	(140,000)	(140,000)
Acquisition of a subsidiary (note 39)	—	—	—	—	—	—	—	—	—	100,000	100,000
Deemed acquisition of additional equity interests in subsidiary (note iii)	—	—	—	(5,413)	—	—	—	—	(5,413)	5,413	—
Recognition of equity-settled share-based payments (note 38)	—	—	—	—	55,379	—	—	—	55,379	—	55,379
Exercise of share options (note 38)	2	4,140	—	—	(1,570)	—	—	—	2,572	—	2,572
Shares vested under share award scheme (note 38)	—	—	—	—	(18,747)	18,747	—	—	—	—	—
At December 31, 2015	3,511	1,033,470	133,379	(42,258)	59,368	(37,495)	673,320	6,296,201	8,119,496	1,808,474	9,927,970

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

	Attributable to owners of the Company										
	Share capital RMB'000	Share Premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000 (note i)	Equity-settled share-based payment reserve RMB'000 (note 38)	Treasury shares reserve RMB'000	Statutory surplus reserve RMB'000 (note ii)	Retained earnings RMB'000	Total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
At December 31, 2015	3,511	1,033,470	133,379	(42,258)	59,368	(37,495)	673,320	6,296,201	8,119,496	1,808,474	9,927,970
Profit and total comprehensive income for the year	—	—	—	—	—	—	—	1,562,956	1,562,956	392,732	1,955,688
Appropriate to reserve	—	—	—	—	—	—	182,673	(182,673)	—	—	—
Dividend declared to the shareholders of the Company	—	(206,000)	—	—	—	—	—	—	(206,000)	—	(206,000)
Dividend declared to the non-controlling interests	—	—	—	—	—	—	—	—	—	(180,000)	(180,000)
Acquisition of subsidiaries (note 39)	—	—	—	—	—	—	—	—	—	224,461	224,461
Recognition of equity-settled share-based payments (note 38)	—	—	—	—	19,453	—	—	—	19,453	—	19,453
Exercise of share options (note 38)	2	6,211	—	—	(2,289)	—	—	—	3,924	—	3,924
Shares vested under share award scheme (note 38)	—	—	—	—	(18,747)	18,747	—	—	—	—	—
Capital injection by non-controlling equity holders (note iv)	—	—	—	—	—	—	—	—	—	15,000	15,000
Deemed contribution from equity holder (note v)	—	—	—	283	—	—	—	—	283	71	354
Disposal of partial equity interest in a subsidiary to non-controlling interests (note vi)	—	—	—	(10,778)	—	—	—	619	(10,159)	110,159	100,000
Acquisition of non-controlling interest (note vi)	—	—	—	(5,848)	—	—	—	(248)	(6,096)	(43,904)	(50,000)
At December 31, 2016	3,513	833,681	133,379	(58,601)	57,785	(18,748)	855,993	7,676,855	9,483,857	2,326,993	11,810,850

Notes:

(i) Other reserve mainly represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group acquired or disposed of partial interests in existing subsidiaries and capital contribution from non-controlling interests.

(ii) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China ("PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(iii) Beijing Glory Real Estate (Holding) Co., Ltd. 北京國瑞興業房地產控股有限公司 ("New Beijing Glory") is a 80% owned subsidiary of the Company. During the year ended December 31, 2015, New Beijing Glory disposed of the entire 100% equity interest in Langfang Guoxing Real Estate Development Co., Ltd 廊坊國興房地產開發有限公司 ("Langfang Guoxing") and Shantou Guorui properties Co., Ltd. 汕頭市國瑞置業有限公司 ("Shantou Glory properties") to Glory Real Estate (HK) Investment Limited ("Glory Real Estate (HK)") and Well Ample Holdings (HK) Limited ("Well Ample (HK)") respectively. After the disposal, Langfang Guoxing and Shantou Glory properties became 100% owned subsidiaries of the Company. The 20% non-controlling interest of New Beijing Glory shared additional net assets value after the transaction, resulting a credit of amounting to RMB5,413,000. The restructuring was recognised as a deemed acquisition of additional equity interests in subsidiaries.

(iv) The non-controlling equity holders of Shenzhen Dachaoshan Real Estate Development Ltd. 深圳市大潮汕建設有限公司 ("Shenzhen Dachaoshan") have increased their share capital amounting to RMB15,000,000 in the current year.

(v) Beijing Glory Property Services Co., Ltd. 北京國瑞物業服務有限公司 ("Glory Services") is a 80% indirectly owned subsidiary of the Company. During the current year, New Beijing Glory disposed of the entire 100% equity interest in Glory Services to Shenzhen Glory Industrial Development Co., Ltd 深圳國瑞興業發展有限公司 ("Shenzhen Glory Industrial"), a related party controlled by Mr. Zhang Zhangsun. The gain on disposal of the subsidiary amounted to RMB283,000 were recognized as a deemed contribution from equity holder.

(vi) On May 30, 2016, the Group has disposed of 12.5% equity interest in Shenzhen Wanji Pharmaceutical Co., Ltd. 深圳萬基藥業有限公司 ("Shenzhen Wanji") to an independent third party at a consideration of RMB100,000,000. In August 2016, the Group entered into an agreement with another independent third party for the acquisition of 5% equity interest in Shenzhen Wanji for a total cash consideration of RMB50,000,000. Details have been set out in Note 39.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2016

	NOTES	Year ended December 31, 2016 RMB'000	2015 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**3,230,427**	2,699,598
Adjustments for:			
Finance costs		**126,824**	141,095
Interest income		**(6,588)**	(6,338)
Depreciation of property, plant and equipment		**31,892**	26,404
Amortization of intangible assets		**1,163**	837
Release of prepaid lease payments		**6,035**	107
Changes in fair value of investment properties		**(851,934)**	(783,601)
Loss on disposal of property, plant and equipment		**3**	95
Reversal of allowance on doubtful receivables, net		**(624)**	(459)
Share of result of associates		**727**	(3,312)
Share-based payment expense		**15,534**	42,464
Operating cash flows before movements in working capital		**2,553,459**	2,116,890
(Increase) decrease in properties under development and properties held for sale		**(7,526,712)**	202,125
Decrease (increase) in prepayment/deposits paid for land acquisition		**2,564,838**	(2,869,523)
(Increase) decrease in inventories		**(48)**	5
Decrease (increase) in trade and other receivables		**56,008**	(317,586)
(Decrease) increase in amounts due to related parties		**(20,676)**	9,323
Increase (decrease) in trade and other payables		**882,984**	(194,471)
Increase (decrease) in deposits received from sale of properties		**1,068,726**	(77,051)
Increase in amounts due from customers for contract work		**(89,621)**	(44,853)
Increase in restricted bank deposits	29(b)	**(48,320)**	(46,725)
Cash used in operations		**(559,362)**	(1,221,866)
Income tax and land appreciation tax paid		**(865,932)**	(657,342)
Net cash used in operating activities		**(1,425,294)**	(1,879,208)

For the year ended December 31, 2016

	NOTES	Year ended December 31, 2016 RMB'000	2015 RMB'000
INVESTING ACTIVITIES			
Interest received		6,588	6,338
Proceeds on disposal of property, plant and equipment		51	18
Proceeds on disposal of investment properties		29,794	58,573
Purchase of property, plant and equipment, intangible assets		(78,127)	(15,036)
Payments for investment properties		(507,843)	(382,475)
Settlement of debts assigned in an acquisition of a subsidiary	39	—	(200,000)
Net cash outflow on acquisition of subsidiaries	39	(1,886,761)	(400,000)
Payment of consideration payable for acquisition of subsidiaries in prior year		(21,500)	(60,000)
Deposit paid for acquisition of a subsidiary	39	—	(70,000)
Net cash outflow on disposal of subsidiaries	40	(17,816)	—
Proceeds from disposal (purchase) of financial products		70,000	(70,000)
Repayment from related parties		1,063	—
Withdrawal of other restricted bank deposits		7,953	1,153,266
Placement of other restricted bank deposits		(126,715)	(38,348)
Net cash used in investing activities		(2,523,313)	(17,664)

For the year ended December 31, 2016

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
FINANCING ACTIVITIES		
New bank loans raised	**9,117,454**	5,953,860
New other loans raised	**—**	945,000
Repayment of bank loans	**(3,698,237)**	(4,141,360)
Repayment of other loans	**(1,809,475)**	(1,277,985)
Advance from related parties	**10,417**	180
Repayment to related parties	**(3,000)**	(1,170)
Proceeds on issue of corporate bonds	**1,000,000**	3,000,000
Transaction cost paid for corporate bonds	**(4,720)**	(23,600)
Interest paid	**(1,136,421)**	(824,775)
Exercise of share options	**3,924**	2,572
Dividends paid to shareholders of the company	**(38,348)**	(182,144)
Dividends paid to non-controlling interests in the subsidiaries	**(180,000)**	(140,000)
Acquisition of non-controlling interest	**(50,000)**	—
Capital injection from non-controlling shareholders in the subsidiaries	**15,000**	—
Net cash generated from financing activities	**3,226,594**	3,310,578
Net (decrease) increase in cash and cash equivalents	**(722,013)**	1,413,706
Cash and cash equivalents at beginning of the year	**1,956,263**	542,557
Cash and cash equivalents at end of the year, represented by bank balances and cash	**1,234,250**	1,956,263

1. GENERAL

The Company was incorporated in the Cayman Islands under the name of "Glory Land Company Limited (國瑞置業有限公司)" as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012 which carries on business in Hong Kong as "Guorui Properties Limited". Its parent and ultimate holding company is Alltogether Land Company Limited (通和置業有限公司), a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who hold 100% equity interests of Alltogether Land Company Limited, is the ultimate shareholder of the Company. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at No. 15, East Zhushikou Street, Dongcheng District, Beijing, the PRC.

On July 7, 2014, the Company completed the global offering and its shares were listed on the mainboard of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (collectively the "Group") are principally engaged in property development, primary land construction and development services, property investment and property management and related services.

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the group entities operate (the functional currency of the group entities).

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

In the current year, the Group has applied, the following amendments to IFRSs:

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

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

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

Amendment to IAS 1 Disclosure Initiative

The Group has applied the amendments to IAS 1 Disclosure Initiative for the first time in the current year. The amendments to IAS 1 clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. To give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position, the ordering of certain notes have been revised, specifically, information relating to financial instruments and subsidiaries were reordered to note 44 and note 47 respectively. Other than the above presentation and disclosure changes, the application of the amendments to IAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

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

At the date of this report, the following new, revised IFRSs and interpretation have been issued but are not yet effective:

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

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

Except as disclosed below, the directors of the Company anticipate that the application of these new, revised IFRSs and interpretation will have no material impact on amounts reported in the Group's consolidated financial statements.

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

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

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

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

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the International Accounting Standards Board issued Clarification to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company are in the process of assessing the potential impacts of IFRS 15 on the Group's contracts with customers in respect of sales of properties, in particular, the identification of performance obligations under IFRS 15, the allocation total consideration to the respective performance obligations based on relative fair values and whether these contracts contain significant financing components. Furthermore, revenue on sales of properties will be recognised when customers obtain control over the properties under IFRS 15 as compared to upon transfer of significant risks and rewards of ownership under IAS 18. These impacts may potentially affect the timing and amounts of revenue recognition. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review. The application of IFRS 15 in the future may also result in more disclosures in the consolidated financial statements.

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

IFRS 9 Financial Instruments

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

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

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

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 Financial Instruments: Recognition and Measurement. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as fair value through other comprehensive income (subject to fulfilment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect until the directors of the Company performs a detailed review.

IFRS 16 Leases

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

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

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

IFRS 16 Leases (continued)

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

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

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

Furthermore, extensive disclosures are required by IFRS 16.

As at December 31, 2016, the Group has non-cancellable operating lease commitments of RMB1,492,000 as disclosed in Note 45. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these unless they qualify for low value or short-term lease upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

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

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the"Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Except for common control subsidiaries in which merger accounting applies, consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the each reporting period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit of loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Acquisition of assets and liabilities through acquisition of subsidiaries

Where an acquisition of an asset or a group of assets and liabilities that does not constitute a business, the Group will identify and recognise the individual identifiable assets acquired and liabilities assumed by allocating purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Variable payments for acquisition of an asset or a group of assets and liabilities is recognised and included as part of the consideration transferred, when it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Variable payments for acquisition of an asset or a group of assets and liabilities is remeasured at subsequent reporting dates in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and changes in the measurement is added to or deducted from the cost of the related assets.

When an acquisition of an asset or a group assets and liabilities that does not constitute a business is achieved in stages, each exchange transaction is treated separately, using the cost of the transaction at respective acquisition dates. Non-controlling interests are measured at the non-controlling interests' proportionate share of fair value of the assets acquired and liabilities assumed at the date of initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the group retains an interest in the former associate and the retained interest is a financial asset within the scope of IAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sales of properties

Revenue from the sale of properties in the ordinary course of business is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the properties, which is when the construction of relevant properties has been completed, upon delivery, and collectability of related receivables is reasonably assured;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Revenue from construction contract

Revenue from construction contract is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Rental income

The Group's policy for recognition of revenue from operating leases is described in "Leasing" section below.

Service income

Service income is recognised when the services are provided.

Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contract

When the outcome of a construction contract can be estimated reliably, revenue from fixed price contracts and cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as liabilities and as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as leasehold land and buildings under property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than that entity's functional currency (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

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 capitalization.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Short-term and other long-term employee benefit

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of fair value of equity-settled share-based transactions are set out in Note 38 to the Group's consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled share-based payment reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in equity-settled share-based payment reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in equity-settled share-based payment reserve will be transferred to retained earnings.

When the awarded shares are vested, the amount previously recognised in equity-settled share-based payment reserve and the amount of the relevant treasury shares is reversed and the differences arising from the reversal is adjusted to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals or/and for capital appreciation.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

A property is transferred to investment properties when, and only when, there is a change in use, as evidenced by the change of use has occurred, such as commencement of an operating lease. Except for transfer from owner occupied property, any difference between the carrying amount of the property transferred and the fair value at the date of transfer is recognised in the profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Amortization begins when the intangible asset is available for use, ie. when it is in the Location and condition necessary for it to be capable of operatng in the manner intended by management. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised upon disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

Properties under development

Properties under development for sale which are intended to be sold in the ordinary course of business upon completion of development are classified as current assets, and are carried at the lower of cost and net realizable value. Cost comprises the related land cost, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realizable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development for sale are transferred to completed properties for sale upon completion of development.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realizable value. Cost comprises the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belong. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from re-measurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from related party, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over each reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment loss at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest and principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For financial assets measured at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the each reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related parties, bank and other borrowings and corporate bonds are subsequently measured at amortised cost, using effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Treasury shares contributed by the ultimate holding company for share award scheme are initially recognised at the fair value and recorded in treasury share reserve prior to vesting.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, where appropriate, cumulative amortization recognised over the guarantee period.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the Group's obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured using the tax rate applicable for recovery through use.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Construction costs estimation for revenue recognition

Certain projects of the Group are divided into several phases according to the development and delivery plans. The Group recognises sales upon delivery of properties and collectability of related receivables is reasonably assured. Cost of sales including construction cost specific to the phases and common costs allocated to the phases are calculated based on management's best estimation of the total development costs for the whole project and the allocation to each phase at the time when the properties are delivered. When the actual common costs incurred are significantly more or less than expected, or changes in circumstances which result in revision of management's estimates, the effect of such change is recognised prospectively in the profit or loss in the period of the change.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Primary land construction and development contracts

The Group carried out primary land construction and development projects for the Beijing Municipal People's Government. The Group recognised contract revenue on the primary land construction and development projects by reference to the recoverable costs incurred plus the expected fee earned in accordance with relevant rules and regulations issued by the Beijing Municipal People's Government and other relevant agreements. Construction and development costs mainly comprise resettlement compensation, sub-contracting charges and costs of construction materials and are estimated by the management by reference to quotations provided by contractors and vendors and the past experience of the management. Estimation of the contract revenue and recoverable costs is subject to final approval from the Beijing Municipal People's Government. The directors of the Company estimate contract revenue and recoverable costs based on latest available budgets of each primary land construction and development projects and current market conditions. The final amounts approved by the Beijing Municipal People's Government may not be the same as the amounts estimated by the Group. These differences will affect contract revenue and contract profit in the period in which the approval has been obtained from the Beijing Municipal People's Government.

Investment properties

Independent external valuer was engaged to carry out an independent valuation of the Group's investment property portfolio as at December 31, 2016. The fair value of each investment property is individually determined at the end of the reporting period based on market value assessment. The valuer has relied on the income capitalisation approach and the direct comparison method. These methodologies are based on an estimation of future results, a set of assumptions and a determination of relevant key inputs specific to each property to reflect its tenancy and cashflow profile. Changes to these estimation, assumptions and key inputs would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss would be recognised in profit or loss.

Income tax expense

Deferred tax assets of RMB290,533,000 (2015: RMB160,336,000) have been recognised as at December 31, 2016, after offsetting certain deferred tax liabilities as set out in Note 21. No deferred tax assets have been recognised on the tax losses of RMB137,935,000 (2015: RMB96,557,000) due to the unpredictability of future profit streams. The recognition of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine the deferred tax assets based on the enacted or substantially enacted tax rates and profit forecasts of the Group for coming years during which the deferred taxation assets are expected to be utilised. The directors of the Company reviewed the assumptions and profit forecasts at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, or changes in facts and circumstances, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a recognition or reversal takes place.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Land appreciation tax

The Group has provided land appreciation tax ("LAT") in the PRC amounting to RMB900,312,000 (2015: RMB614,153,000) as at December 31, 2016. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not yet finalised their land appreciation tax calculations and payments with local tax authorities in the PRC. Accordingly, significant estimation is required in determining the amount of land appreciation tax and its related enterprise income tax. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense in the period in which such tax is finalised with local tax authorities.

Critical judgment in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see above), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model under IAS 40 amounting to RMB16,674,500,000 (2015: RMB15,065,850,000), as at December 31, 2016, the directors of the Company concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time.

Therefore, in determining the Group's deferred tax on investment properties, the directors of the Company have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted and the Group estimated the deferred tax on the basis of recovering through use.

Revenue recognition of property sales

As part of the Group's marketing strategy, some properties were delivered to buyers before the full consideration was received. In assessing whether such contract meets the revenue recognition criteria in accordance with the Group's accounting policies, the management of the Group considered various factors such as the level of purchase consideration received, the collectability of the remaining outstanding consideration and the potential decrease in fair value of the underlying property relative to the relevant selling price. In the cases where the directors of the Company considered the contract does not meet the Group's revenue recognition criteria, the consideration received is accounted for as "deposit received from sale of properties" in current liabilities.

5. REVENUE AND SEGMENT INFORMATION

The Group is organised into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the Executive Directors of the Company) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 Operating Segments are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties. All of the Group's activities are carried out in the PRC.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments. All of the Group's activities are carried out in the PRC.

Property investment: This segment derives rental income from investment properties developed by the Group. Currently the Group's investment property portfolio mainly comprises commercial properties located in the PRC.

Property management and related services: This segment derives income from property management. Currently the Group's activities are carried out in the PRC.

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without allocation of unallocated other gains and losses, other income, other expenses, share of result of associates, gain on fair value change of investment properties, finance costs and unallocated administrative expenses, including auditor's remuneration and directors' emoluments. This is the measure reported to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment.

Inter-segment sales are priced with reference to prices charged to external parties for similar products and services.

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION (continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Year ended December 31, 2016					
Revenue from external customers	7,513,208	137,616	292,679	91,078	8,034,581
Inter-segment revenue	—	—	—	20,986	20,986
Segment revenue	7,513,208	137,616	292,679	112,064	8,055,567
Segment profit	2,353,161	3,077	188,707	10,747	2,555,692
Year ended December 31, 2015					
Revenue from external customers	6,028,920	143,391	280,589	61,404	6,514,304
Inter-segment revenue	—	—	—	14,429	14,429
Segment revenue	6,028,920	143,391	280,589	75,833	6,528,733
Segment profit	1,868,149	858	214,540	10,738	2,094,285

5. REVENUE AND SEGMENT INFORMATION (continued)

(b) Reconciliations of segment revenues, profit or loss

	Year ended December 31, 2016 RMB'000	Year ended December 31, 2015 RMB'000
Revenue		
Segment revenue	8,055,567	6,528,733
Elimination of inter-segment revenue	(20,986)	(14,429)
Consolidated revenue	8,034,581	6,514,304
Profit		
Segment profit	2,555,692	2,094,285
Unallocated other gains and losses	(24,295)	(7,415)
Other income	20,227	13,170
Other expenses	(18,656)	(26,388)
Share of result of associates	(727)	3,312
Gain on fair value change of investment properties	851,934	783,601
Finance costs	(126,824)	(141,095)
Unallocated administrative expenses	(26,924)	(19,872)
Consolidated profit before tax	3,230,427	2,699,598

5. REVENUE AND SEGMENT INFORMATION (continued)

(c) Other segment information

Amounts included in the measurement of segment profit or loss:

	Property development RMB'000	Primary land construction and development service RMB'000	Property investment RMB'000	Property management and related services RMB'000	Unallocated amount RMB'000	Total RMB'000
Year ended December 31, 2016						
Depreciation and amortization	11,664	—	5,245	12,262	3,884	33,055
Release of prepaid lease payment	—	—	81	26	5,928	6,035
Reversal of allowance for doubtful receivables	—	—	(624)	—	—	(624)
Year ended December 31, 2015						
Depreciation and amortization	10,536	—	5,221	7,600	3,884	27,241
Release of prepaid lease payment	—	—	81	26	—	107
Reversal of allowance for doubtful receivables	—	—	(459)	—	—	(459)

(d) Revenue from major products and services

The following is an analysis of the Group's revenue from external customers:

	Year ended December 31, 2016 RMB'000	Year ended December 31, 2015 RMB'000
Sales of properties	7,513,208	6,028,920
Primary land construction and development services	137,616	143,391
Rental income	292,679	280,589
Property management and related services	91,078	61,404
	8,034,581	6,514,304

5. REVENUE AND SEGMENT INFORMATION (continued)

(e) Geographical information

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (other than financial instruments, and deferred tax assets of the Group) amounting to RMB17,954,540,000 (2015: RMB15,304,797,000) at December 31, 2016 are located in the PRC based on geographical location of the assets or the associates' operation, as appropriate.

(f) Revenue from major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue during the years ended December 31, 2016 and 2015.

6. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Other gains and losses comprise:		
Net foreign exchange losses	**(24,292)**	(7,340)
Losses on disposal of property, plant and equipment	**(3)**	(95)
Reversal of allowance for doubtful receivables	**624**	459
Others	**—**	20
	(23,671)	(6,956)

7. OTHER INCOME

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Interest income	**6,588**	6,338
Compensation received	**5,763**	2,900
Others	**7,876**	3,932
	20,227	13,170

8. OTHER EXPENSES

	Year ended December 31, 2016 RMB'000	2015 RMB'000
Donations	**9,730**	12,137
Compensation paid	**5,273**	10,614
Others	**3,653**	3,637
	18,656	26,388

9. FINANCE COSTS

	Year ended December 31, 2016 RMB'000	2015 RMB'000
Interest on bank loans	**860,458**	606,807
Interest on corporate bonds	**241,011**	22,624
Interest on other loans	**63,364**	214,342
Interest on amounts due to related parties	**—**	190
Other finance cost (note)	**—**	3,950
Total interest expenses	**1,164,833**	847,913
Less: Amounts capitalised to properties under development and investment properties	**(1,038,009)**	(706,818)
	126,824	141,095

Note: In 2009, the Group entered into a sale contract with a connected person as defined under the Listing Rules (the "Party") to sell a residential block (the "Property") located in Beijing and received RMB1,160,911,000 as deposit. On May 5, 2013, the Group entered into another agreement with the Party to cancel the sale contract of the Property (the "Cancellation Agreement"). According to the Cancellation Agreement, the deposit received from sale of the Property amounting to RMB1,160,911,000 and an interest amounting to RMB351,310,000 (the "Settlement Amount") will be paid to the Party by the Group within one year by instalments. Upon signing of the Cancellation Agreement, the Group measured the Settlement Amount at fair value and recognised a loss amounting to RMB293,927,000, being the difference between the sale deposit of RMB1,160,911,000 and the fair value of the Settlement Amount determined using an effective interest rate of 6% per annum in 2013. Each year, the Group recognised related cost as other finance cost based on an effective interest rate of 6% per annum. The outstanding amount of RMB200,000,000 was paid in March 2016.

Interests capitalized arose from borrowings made specifically for the purpose of constructing the qualifying assets, which bore annual interest at rates from 4.75% to 12.20% (2015: 4.90% to 12.20%) and general borrowings pool calculated by applying a capitalization rate of 6.40% (2015: 7.49%) per annum on expenditure on the qualifying assets.

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Year ended December 31, 2016 RMB'000	2015 RMB'000
Directors' emoluments (Note 11)	11,032	12,202
Other staff costs:		
– Salaries and other benefits	302,504	251,503
– Retirement benefit contributions	21,351	17,608
– Equity-settled share-based payments	18,028	51,947
Total staff costs	352,915	333,260
Less: Amounts capitalised to properties under development and investment properties (note)	(150,063)	(126,874)
	202,852	206,386
Cost of properties sold recognised as expense	4,641,964	3,591,663
Auditor's remuneration	3,945	3,786
Depreciation of property, plant and equipment	31,892	26,404
Amortization of intangible assets (included in administrative expenses)	1,163	837
Release of prepaid lease payments (included in administrative expense)	6,035	107
Operating lease rental expenses	3,787	7,616
Rental income from investment properties	(292,679)	(280,589)
Less: direct operating expense	94,227	63,004
	(198,452)	(217,585)

Note: The amount capitalised mainly represents costs of certain staff of the project management department and the design department, who were assigned to construction sites and engaged in specific construction projects directly.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the directors are as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Performance bonuses RMB'000	Retirement benefit contributions RMB'000	Equity-settled share-based payment RMB'000	Total RMB'000
For the year ended December 31, 2016						
Executive Directors						
Mr. Zhang Zhangsun	—	2,603	400	5	—	3,008
Ms. Ruan Wenjuan	—	1,850	300	46	475	2,671
Ms. Zhang Jin	—	1,697	200	34	475	2,406
Mr. Ge Weiguang	—	1,705	97	46	475	2,323
Independent Non-Executive Directors						
Mr. Luo Zhenbang	208	—	—	—	—	208
Mr. Lai Siming	208	—	—	—	—	208
Ms. Chen Jingru	208	—	—	—	—	208
	624	7,855	997	131	1,425	11,032
For the year ended December 31, 2015						
Executive Directors						
Mr. Zhang Zhangsun	—	2,603	400	5	—	3,008
Ms. Ruan Wenjuan	—	1,469	218	44	1,144	2,875
Ms. Zhang Jin	—	1,469	218	44	1,144	2,875
Mr. Ge Weiguang	—	1,469	202	44	1,144	2,859
Independent Non-Executive Directors						
Mr. Luo Zhenbang	195	—	—	—	—	195
Mr. Lai Siming	195	—	—	—	—	195
Ms. Chen Jingru	195	—	—	—	—	195
	585	7,010	1,038	137	3,432	12,202

Notes:

(a) Mr. Zhang Zhangsun is the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(b) Ms. Ruan Wenjuan, Ms. Zhang Jin and Mr. Ge Weiguang are the executive directors and vice presidents of the Company.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Performances bonuses were determined by the management having regard to the performance of the directors and the Group's operating results.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

No directors of the Company waived any emoluments during both years.

Of the five individuals with the highest emoluments in the Group, four (2015: four) are directors of the Company whose emoluments are included in the disclosures in Note 11. The emolument of the remaining one (2015: one) individual is as follows:

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Salaries and other benefits	**1,303**	1,270
Performance bonuses	**200**	200
Retirement benefit contributions	**5**	5
Equity-settled share-based payment	**7,325**	23,345
	8,833	24,820

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSES

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Current tax		
PRC enterprise income tax	**647,054**	462,419
Under provision in prior year	**7,349**	357
LAT	**542,306**	530,513
	1,196,709	993,289
Deferred tax (Note 21)	**78,030**	122,820
Income tax expenses	**1,274,739**	1,116,109

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007 the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from January 1, 2008 onwards.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

In accordance with PRC tax circular (Guoshuihan [2008] 112) effective from January 1, 2008, PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or business in the PRC. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries since January 2008 amounting to RMB4,085,279,000 (2015: RMB3,207,683,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

12. INCOME TAX EXPENSES (continued)

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

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Profit before tax	**3,230,427**	2,699,598
Tax at PRC enterprise income tax rate of 25%	**807,607**	674,899
LAT	**542,306**	530,513
Tax effect of LAT	**(135,577)**	(132,628)
Tax effect of expenses not deductible for tax purpose	**41,861**	34,339
Tax effect of share of results of associates	**182**	(828)
Effect of tax losses not recognised as deferred tax assets	**10,359**	9,457
Reversal of tax losses previously recognized as deferred tax assets	**652**	—
Under provision in prior year	**7,349**	357
Tax charge	**1,274,739**	1,116,109

13. EARNINGS PER SHARE

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Earnings:		
Profit for the year attributable to the owners of the Company for the purposes of basic and diluted earnings per share	**1,562,956**	1,260,550

13. EARNINGS PER SHARE (continued)

	Year ended December 31, 2016 '000	2015 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,417,841**	4,404,430
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**28,186**	31,451
Share awards issued by the Company	**14,968**	21,299
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,460,995**	4,457,180

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme.

14. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended December 31, 2016 of HK6.04 cents per share, totalling HK$267,994,000 (equivalent to RMB240,000,000) has been proposed by the board of directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

Dividend recognised as distribution by the Company during the year ended December 31, 2016 amounted to HK$245,882,000 (equivalent to RMB206,000,000) (the year ended December 31, 2015: HK$266,080,000, equivalent to RMB209,914,000) in aggregate, representing HK5.55 cents (the year ended December 31, 2015: HK6.05 cents) per share declared and paid in cash to the shareholders of the Company. Part of the dividend amounting to HK$45,390,000 (equivalent to RMB38,348,000) was paid during the current year.

15. INVESTMENT PROPERTIES

	RMB'000
Fair value	
At January 1, 2015	12,822,450
Additions	719,451
Gain on fair value change of investment properties	783,601
Acquisition of a subsidiary (Note 39)	798,921
Disposals	(58,573)
At December 31, 2015	15,065,850
Additions	786,510
Gain on fair value change of investment properties	851,934
Disposals	(29,794)
At December 31, 2016	16,674,500

The investment properties are all situated in the PRC. The fair value of the Group's investment properties, including the Group's property interests held under operating leases classified and accounted for as investment properties as at December 31, 2016 and 2015 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd ("Colliers"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties are arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income method-direct capitalization approach by capitalization of the net rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties.

Fair values of the investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the land and building by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risks associated with the development.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. The Group considered multiple valuation techniques to the extent appropriate. In addition to residual method for investment properties under development, both income and direct comparison approaches are considered, the results (i.e. respective indications of fair value) are evaluated considering the reasonableness of the range of values indicated by those results. A fair value measurement is usually the point within that range that is most representative of fair value in the circumstances.

15. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	At December 31, 2016	At December 31, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Beijing Glory City Complex	RMB 5,034,500,000	RMB 4,926,200,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.2% to 5.7% (2015: 5.5% to 6%) for shopping mall, and 4.7% to 5.2% (2015: 6% to 6.5%) for office.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
					Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB574/sq.m./month (2015: RMB554/sq.m./month) on NFA for shopping mall and RMB246/sq.m./month (2015: RMB233/sq.m./month) on GFA for office.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB84,600/sq.m. (2015: RMB81,700/sq.m) for shopping mall and RMB44,200/sq.m. (2015: RMB49,000/sq.m) for office.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	At December 31, 2016	At December 31, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Lotte Mart Shopping Centre	RMB 807,500,000	RMB 790,000,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.2% to 5.7% (2015: 5.5% to 6%). Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB213/sq.m./month (2015: RMB122/sq.m./month) on GFA.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB29,400/sq.m (2015: RMB29,000/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Beijing Fugui Garden Shopping Mall	RMB 877,300,000	RMB 855,300,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.2% to 5.7% (2015: 5.5% to 6%). Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB235/sq.m./month (RMB226.6/sq.m./month) on GFA.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB66,500/sq.m (2015: RMB64,950/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	At December 31, 2016	At December 31, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Shantou Glory City Phase I	RMB 537,900,000	RMB 535,300,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 7.4% to 8.1% (2015: 8% to 8.5%). Market monthly rent, using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB65/sq.m./month (2015: RMB63.6/sq.m./month) on GFA	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	A unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB12,200/sq.m (RMB12,000/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa..
Shenyang Glory City Phase I, Big Box	RMB 351,400,000	RMB 342,000,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.25% to 5.7% (2015: 6%). Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB40/sq.m./month (2015: RMB37/sq.m./month) on GFA.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB7,100/sq.m (2015: RMB8,300/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	At December 31, 2016	At December 31, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Siheyuan Beijing Glory City	RMB 702,000,000	RMB 688,000,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 2.3% to 2.8% (2015: 2.5% to 3%). Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB285/sq.m./month (2015: RMB280/sq.m./month) on GFA.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB101, 800/sq.m (2015: RMB100, 000/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Shenyang Glory City Block C and E	RMB 336,000,000	RMB 331,000,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.2% to 5.7% (2015: 6%). Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB34/sq.m./month (2015: RMB33/sq.m./month) on GFA.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB6, 050/sq.m. (2015: RMB6, 630/sq.m.).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	At December 31, 2016	At December 31, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Eudemonia Palace underground car parking spaces	RMB 35,900,000	RMB 35,250,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 3.8% to 4.3% (2015: 4% to 4.5%). Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB1,035/sq.m./month (2015: RMB1,000/sq.m./month) on lot.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB306, 500/lot (2015: RMB304, 000/lot).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	At December 31, 2016	At December 31, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Beijing Glory Center *	RMB 5,683,000,000	RMB 4,675,000,000	Level 3	Multiple valuation techniques: Residual method, income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.7% (2015: 6%) for retail, and 5.2% (2015: 5.5%) for office.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
				(2) Market monthly rent	Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB554/sq.m./month (2015: RMB548/sq.m./month) on GFA for retail, RMB319/sq.m./month (2015: RMB313/sq.m./month) on GFA for office.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB61,400/sq.m (2015: RMB63,000/sq.m) for retail, and RMB75,300 (2015: RMB75,000/sq.m) for office.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
				The key input of Residual method is: Total development costs to completion	Estimation of development costs not yet incurred or contracted based on existing development plans	Increases in the development costs would result in a decrease in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	At December 31, 2016	At December 31, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Foshan South Levee Bay *	RMB 1,147,000,000	RMB 822,000,000	Level 3	Multiple valuation techniques: Residual method, income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 7.1% (2015: 7.5%) for retail, and 4.75% - 6.6% (2015: 5% - 7%) for car parking spaces.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa.
					Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB329/sq.m./month (2015: RMB320/sq.m./month) on GFA for retail, RMB 560/sq m/month (2015: RMB550/sq.m./month) on lot for car parking spaces.	A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB34,000/sq.m (2015: RMB33, 300/sq.m) for retail, and RMB125,000/lot (2015: RMB158,000/lot) for car parking spaces.	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
				The key input of Residual method is: Total development costs to completion	Estimation of development costs not yet incurred or contracted based on existing development plans	Increases in the development costs would result in a decrease in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	At December 31, 2016	At December 31, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Glory City retail podiums	RMB 145,700,000	RMB 177,000,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.75% to 5.7% (2015: 5% to 6%). Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB227/sq.m./month (2015: RMB185.5/sq.m./month) on GFA.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB39, 800/sq.m (2015: RMB33, 800/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Fuguiyuan retail podiums	RMB 57,300,000	RMB 55,800,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 4.75% to 5.7% (2015: 5% to 6%). Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB196/sq.m./month (2015: RMB189/sq.m./month) on GFA.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB35, 300/sq.m (2015: RMB34, 000/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	At December 31, 2016	At December 31, 2015	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Fugui Complementary Building	RMB 39,000,000	RMB 38,000,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.2% to 5.7% (2015: 5.5% to 6%). Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB145/sq.m./month (2015: RMB140/sq.m./month) on GFA.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
				The key input of Direct Comparison Approach is: Unit sale rate	Unit sale rate, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB27, 800/sq.m (2015: RMB26, 800/sq.m).	An increase in the unit sale rate used would result in an increase in the fair value measurement of the investment properties by the same percentage increase, and vice versa.
Shenzhen Wanji Business Park	RMB 920,000,000	RMB 795,000,000	Level 3	Multiple valuation techniques: income and direct comparison approaches The key inputs of income method are: (1) Capitalization rate; and (2) Market monthly rent	Capitalization rate, taking into account of the capitalization of rental income potential, nature of the property, prevailing market condition, of 5.45% (2015: 7%) for industrial. Market monthly rent, using direct market comparables and taking into account of time, location and individual factors such as road frontage, size of property and facilities, of RMB145/sq.m./month (2015: RMB145/sq.m./month) on GFA.	A slight increase in the capitalization rate used would result in a significant decrease in the fair value measurement of the investment properties, and vice versa. A slight increase in the market monthly rent used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.

* These investment properties are under development as of December 31, 2016 and 2015.

15. INVESTMENT PROPERTIES (continued)

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management of the Group works closely with the valuers to establish the appropriate valuation techniques and inputs to the model.

The unrealised gain on property revaluation amounting to RMB876,425,000 (2015: RMB770,715,000) was recognised in profit or loss during the year ended December 31, 2016.

The Group had pledged investment properties of approximately RMB14,824,090,000 (2015: RMB13,628,300,000) at December 31, 2016 to secure bank and other borrowing granted to the Group as set out in Note 41.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Construction in Progress RMB'000	Leasehold improvement RMB'000	Motor vehicles RMB'000	Electronic equipment & furniture RMB'000	Total RMB'000
Cost						
At January 1, 2015	152,480	—	34,929	47,924	18,879	254,212
Additions	—	—	7,128	1,851	4,894	13,873
Acquisition of a subsidiary (note 39)	—	—	—	—	1	1
Disposals	—	—	—	(294)	(580)	(874)
At December 31, 2015	152,480	—	42,057	49,481	23,194	267,212
Additions	—	56,885	25,065	13,247	6,989	102,186
Acquisition of subsidiaries (note 39)	—	2,414	—	1,178	133	3,725
Disposals	—	—	—	(453)	(363)	(816)
Disposal of subsidiaries (note 40)	(3,950)	—	—	(323)	(4,326)	(8,599)
At December 31, 2016	148,530	59,299	67,122	63,130	25,627	363,708
Accumulated depreciation						
At January 1, 2015	54,899	—	24,223	25,141	7,058	111,321
Charge for the year	8,948	—	7,249	6,495	3,712	26,404
Eliminated on disposals	—	—	—	(283)	(478)	(761)
At December 31, 2015	63,847	—	31,472	31,353	10,292	136,964
Charge for the year	8,948	—	11,968	6,726	4,250	31,892
Eliminated on disposals	—	—	—	(439)	(323)	(762)
Disposal of subsidiaries (note 40)	(525)	—	—	(183)	(2,146)	(2,854)
At December 31, 2016	72,270	—	43,440	37,457	12,073	165,240
Carrying amount						
At December 31, 2016	76,260	59,299	23,682	25,673	13,554	198,468
At December 31, 2015	88,633	—	10,585	18,128	12,902	130,248

As at December 31, 2016, leasehold land and buildings with carrying amount of approximately RMB63,245,000 (2015: RMB74,008,000) were pledged to banks to secure bank and other borrowings granted to the Group as set out in Note 41.

The above items of property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Leasehold land and buildings	Over the shorter of the term of the lease or 20 years
Leasehold improvement	Over the shorter of the term of the lease or 5 years
Motor vehicles	5 years
Electronic equipment & furniture	5 years

17. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group include software licenses and payments for an urban redevelopment project.

The software licenses have finite useful lives and are amortised on a straight-line basis over 6 years. As at December 31, 2016, the carrying amount of software licenses is RMB4,651,000 (2015: RMB3,490,000), which are made up of cost of RMB10,113,000 (2015: RMB8,152,000) and accumulated depreciation of RMB5,462,000 (2015: RMB4,662,000).

The remaining balance of other non-current assets relates to payments for an urban redevelopment project acquired by the Group in 2016 through the acquisition of a subsidiary, Shenzhen Dachaoshan, which entered into an agreement with an entity established by the local authority for an urban redevelopment project in Shenzhen. Details of the acquisition of Shenzhen Dachaoshan are disclosed in Note 39(c). As at the acquisition date, Shenzhen Dachaoshan has made payments to acquire certain non-agricultural ratio and has the exclusive right to seek government approval for the commencement of the urban redevelopment project after achieving the minimal threshold of the non-agricultural ratio stipulated in the agreement. At the end of the reporting period, Shenzhen Dachaoshan is still in the process of gathering the non-agricultural ratio and has initiated the procedures in seeking approvals from the relevant government authorities relating to the redevelopment project. The directors of the Company are confident that Shenzhen Dachaoshan will be able to meet the minimal threshold of the non-agricultural ratio in the near future and approvals from the relevant authorities will ultimately be obtained. The recovery of the carrying amount will be through the returns to be generated from this urban redevelopment project which will be granted exclusively to Shenzhen Dachaoshan upon approval. As at December 31, 2016, the carrying amount of this non-current asset is RMB789,448,000 (2015: nil).

18. INTEREST IN AN ASSOCIATE

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Cost of investment in an associate	—	36,000
Share of post-acquisition losses	—	(3,804)
	—	32,196

Details of the Group's associate at the end of reporting period are as follow:

Name of entity	Place of registration	Principal place of operation	Proportion of ownership interest by the Group 2016	Proportion of ownership interest by the Group 2015	Principal activity
Shenzhen Dachaoshan	PRC	PRC	note	30%	Property development

Note:

On July 20, 2016, Shenzhen Glory Real Estate Co., Ltd. 深圳國瑞興業房地產有限公司 ("Shenzhen Glory Xingye") entered into an equity interest transfer agreement to acquire additional 45% equity interest of Shenzhen Dachaoshan. The Group then holds 75% equity interest of Shenzhen Dachaoshan and Shenzhen Dachaoshan became an indirect subsidiary of the Company. Details are set out in Note 39.

Information of associates that are not individually material:

	Year ended December 31, 2016 RMB'000	Year ended December 31, 2015 RMB'000
The Group's share of result and total comprehensive income (expenses)	(727)	(1,962)
Carrying amount of the Group's interests in the associates	—	32,196

19. AVAILABLE-FOR-SALE INVESTMENTS

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Unlisted equity investments, at cost:		
– equity securities (note)	**165,192**	165,192

Note:

The available-for-sale investments comprises 3% equity interest in Bohai Life Ltd (渤海人壽保險股份有限公司), a private entity in the PRC which is involved in insurance business and 10% equity interest in永清吉銀村鎮銀行股份有限公司, a private entity established in the PRC which is involved in banking operation.

The available-for-sale investments are subsequently measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

20. PREPAID LEASE PAYMENTS

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Prepaid lease payments	**293,508**	3,120
Analysed for reporting purposes as:		
Non-current	**287,473**	3,013
Current (included in trade and other receivables, deposits and prepayments)	**6,035**	107
	293,508	3,120

Prepaid lease payment represents land use right in the PRC.

As at December 31, 2016, the Group had pledged the land use rights of approximately RMB2,121,000 (2015: RMB2,171,000) to secure bank and other borrowings granted to the Group as set out in Note 41.

21. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the reporting period:

	Tax losses RMB'000	Temporary differences on sale deposits received RMB'000	LAT RMB'000	Investment properties RMB'000	Others RMB'000 (note)	Total RMB'000
At January 1, 2015	29,479	72,786	68,081	(1,794,390)	3,949	(1,620,095)
Credited (charged) to profit or loss	20,816	(17,456)	83,212	(206,359)	(3,033)	(122,820)
At December 31, 2015	50,295	55,330	151,293	(2,000,749)	916	(1,742,915)
Credited (charged) to profit or loss	15,011	67,103	58,325	(218,929)	460	(78,030)
Acquisition of a subsidiary	—	—	—	—	236	236
At December 31, 2016	65,306	122,433	209,618	(2,219,678)	1,612	(1,820,709)

Note: The "others" mainly relates to temporary differences on allowance for doubtful debts on trade receivables and exceeding advertising fee.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for the financial reporting purpose:

	At December 31,	
	2016 **RMB'000**	2015 RMB'000
Deferred tax assets	**290,533**	160,336
Deferred tax liabilities	**(2,111,242)**	(1,903,251)
	(1,820,709)	(1,742,915)

21. DEFERRED TAXATION (continued)

No deferred taxation asset has been recognised in respect of the following unutilised tax losses due to the unpredictability of future profit streams, estimated at the end of the reporting period. The unrecognised tax losses will expire in the following years:

	At December 31,	
	2016	2015
	RMB'000	RMB'000
To be expired on:		
December 31, 2016	**—**	58
December 31, 2017	**899**	899
December 31, 2018	**2,179**	2,179
December 31, 2019	**55,594**	55,594
December 31, 2020	**37,827**	37,827
December 31, 2021	**41,436**	—
Total unused tax losses not recognised as deferred tax assets	**137,935**	96,557

22. PREPAYMENT/DEPOSITS PAID FOR LAND ACQUISITION

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Deposits paid for land acquisition (note a)	**365,010**	85,000
Payment for land acquisiton (note b)	**—**	2,844,848
	365,010	2,929,848

Notes:

(a) Balance represented deposits paid for public tenders, auctions or listing-for-bidding of land use rights in the PRC for the purpose of development for sale.

(b) During the year ended December 31, 2015, the Group entered into a land acquisition contract with Beijing Municipal Bureau of Land and Resources to acquire the land use rights of a piece of land in the PRC with the lease term of 40 to 70 years for the purpose of development for sale, at a cash consideration of RMB4,496,000,000. The Group had paid the remaining consideration and obtained the land use rights certificate during 2016.

23. PROPERTIES UNDER DEVELOPMENT

The properties under development are located in the PRC.

As at December 31, 2016, certain of the Group's properties under development with a carrying amount of approximately RMB12,318,147,000 (2015: RMB3,913,890,000) was pledged to secure bank and other borrowings granted to the Group as set out in Note 41.

In the opinion of the directors of the Company, properties under development with carrying amount of approximately RMB15,263,371,000 (2015: RMB4,160,446,000) as at December 31, 2016 are expected to be completed and realised after twelve months from the end of the reporting period.

As at December 31, 2016, the Group was in the process of obtaining the certificates of land use rights of RMB287,164,000 (2015: RMB287,164,000) from the relevant authorities.

24. JOINT OPERATION

On September 1, 2009, Glory Xingye (Beijing) Real Estate Co., Ltd 北京國瑞興業地產股份有限公司 ("Original Beijing Glory") entered into an agreement with an independent third party (the "Project partner") in respect of a jointly development project of Qinian Street Rebuild Primary Land Development Project in the PRC (the "Qinian Street Project").

Pursuant to the agreement, Original Beijing Glory and the Project partner set up an operation committee to jointly control and manage the project together. The two parties contribute the funding, share revenue and bear costs equally.

The amount included in the consolidated financial statements arising from the joint operation is as follows:

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Analysis of profit or loss		
Revenue	**137,616**	143,391
Cost of sales and services	**(134,539)**	(142,533)
Profit before tax	**3,077**	858

The details of the assets and liabilities arising from the joint operation are set out in Notes 27 and 34 respectively.

25. PROPERTIES HELD FOR SALE

The Group's properties held for sale are stated at the lower of cost and net realisable value and situated in the PRC. In the opinion of the directors of the Company, properties held for sale of approximately RMB23,057,000 (2015: RMB683,471,000) as at December 31, 2016 are expected to be sold after twelve months from the end of the reporting period.

As at December 31, 2016, properties held for sale of approximately RMB1,880,084,000 (2015: RMB1,390,967,000) were pledged to secure bank and other borrowings granted to the Group as set out in Note 41.

26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly comprise of rental receivables and receivables for sales of properties. Pursuant to the lease agreements, rental payment is required to be settled in advance with no credit period being granted to the tenants. In respect of sales of properties, a credit period of six to twelve months may be granted to specific customers on a case-by-case basis.

	At December 31,	
	2016	2015
	RMB'000	RMB'000
Trade receivables, net of allowance	**185,849**	475,587
Advances to contractors and suppliers	**376,959**	205,953
Other receivables from independent third parties (note)	**17,261**	17,261
Other receivables and prepayment, net of allowance	**152,430**	87,165
Prepaid lease payment - current portion	**6,035**	107
Deposits	**64,943**	84,802
	803,477	870,875

Note: Other receivables from independent parties are of non-trade nature, unsecured, interest free and repayable on demand.

26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The following is an aged analysis of trade receivables based on the date of recognition of revenue at the end of the reporting period:

	At December 31,	
	2016 RMB'000	2015 RMB'000
0 to 60 days	28,168	350,660
61 to 180 days	12,623	28,618
181 to 365 days	26,890	28,302
1-2 years	94,541	64,274
Over 2 years	23,627	3,733
	185,849	475,587

Trade receivables with an amount of approximately RMB102,184,000 (2015: RMB49,112,000) as at December 31, 2016, were overdue receivables but not impaired at the end of each of the reporting period. The Group does not hold any collateral over these balances. The following is an aged analysis of overdue receivables based on due date.

	At December 31,	
	2016 RMB'000	2015 RMB'000
Less than 1 year	94,065	38,281
1-2 years	2,864	7,098
Over 2 years	5,255	3,733
	102,184	49,112

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

All the receivables that are neither past due nor impaired are due from customers with good settlement history.

26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Movements in the allowance for doubtful debts on trade receivables are set out as follows:

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Balance at the beginning of the year	**3,651**	4,110
Reversed during the year	**(624)**	(459)
Balance at the end of the year	**3,027**	3,651

Included in allowance for doubtful debts are trade receivables individually impaired which are due from debtors under financial difficulties. In addition, the Group assessed impairment on a collective basis. No further allowance for doubtful debts was recognised.

27. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	At December 31,	
	2016	2015
	RMB'000	RMB'000
Contract in progress		
Construction costs incurred plus recognised profits	**1,913,512**	1,772,245
Less: payment received	**(550,000)**	(550,000)
	1,363,512	1,222,245

Contract in progress represents the Group's interest in the Qinian Street Project, which is recognised through a joint operation. Details are set out in Note 24.

In the opinion of the directors of the Company, amounts due from customers for contract work amounting to RMB1,363,512,000 at December 31, 2016 (2015: RMB1,222,245,000) are expected to be settled after twelve months from the end of the reporting period.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PORFIT OR LOSS

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Funds	97	97
Investment in financial products (note)	—	70,000
	97	70,097

Note:

The amount represented investment in financial products operated by a bank, which mainly invested in debt securities. The investment was principal-protected and with expected annual returns at rates up to 3.0% and can be redeemed in any working day at different prices before its maturity. The investment was redeemed in January 2016.

29. RESTRICTED BANK DEPOSITS

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Deposits pledged for banking facilities (note a)	10,146	10,104
Restricted bank deposits (note b)	104,559	56,239
Deposits pledged for mortgage loans granted to customers (note c)	171,961	53,241
	286,666	119,584
Analysed for reporting purposes as:		
Non-current (note d)	135,167	38,686
Current	151,499	80,898
	286,666	119,584

29. RESTRICTED BANK DEPOSITS (continued)

Notes:

(a) The amounts represent bank deposits denominated in RMB pledged to banks as security for certain banking facilities granted to the Group.

(b) The amounts include bank deposits, subject to the banks' approval, that are restricted for payments of construction works of the specified development projects as set out in the relevant loan agreements.

(c) The amounts represent bank deposits pledged to banks as security for certain mortgage loans granted by the banks to the Group's customers. The pledged bank deposits will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

(d) Deposits pledged as security for mortgage loans of the Group's customers that are not expected to be released within twelve months after the end of the reporting period are classified as non-current assets.

The bank deposits carry prevailing market interest rates as follows:

	At December 31,	
	2016	2015
Range of interest rate per annum	**0.30%~0.42%**	0.30%~0.42%

30. CASH AND BANK BALANCES

	At December 31,	
	2016 RMB'000	2015 RMB'000
Cash and bank balances	**1,234,250**	1,956,263

Cash and cash equivalents comprise cash and bank balances held by the Group.

The bank balances carry interest rates as follows:

	At December 31,	
	2016	2015
Range of interest rate per annum	**0.30%~0.46%**	0.30%~0.42%

Cash and bank balances as at December 31, 2016 were denominated in RMB and HKD, and RMB is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

31. TRADE AND OTHER PAYABLES

	At December 31, 2016 RMB'000	2015 RMB'000
Trade payable	3,943,878	3,223,172
Deposits received	622,806	399,886
Rental received in advance	26,696	51,782
Payable for acquisition of subsidiaries (note a)	786,868	504,360
Other payables to connected person (note b)	—	200,000
Accrued payroll	45,833	45,578
Business and other tax payable	243,709	212,170
Other payables and accruals	437,317	339,138
	6,107,107	4,976,086
Analyzed for reporting purposes as:		
Non-current (note c)	77,794	65,970
Current	6,029,313	4,910,116
	6,107,107	4,976,086

Notes:

(a) The remaining balance as at December 31, 2016 comprised the outstanding balance of consideration amounted to RMB750,868,000 for the acquisition of equity interests in Qidong Yujiangwan Investment Management Co., Ltd. 啟東禦江灣投資管理有限公司 ("Qidong Yujiangwan") during 2016 and the outstanding balance of consideration amounted to RMB36,000,000 (2015: RMB57,500,000) in relation to the equity interests in Shaanxi Huawei Shida Industrial Co., Ltd. 陝西華威世達實業有限公司 ("Shaanxi Huawei") acquired in 2013. These amounts are unsecured, interest free and repayable on demand.

In June 2015, the Group acquired 87.5% equity interest in Shenzhen Wanji at a cash consideration of RMB500,000,000. The outstanding balance as at December 31, 2015 was RMB100,000,000. The details of the acquisition and the settlement of the consideration payable during the current year are set out in Note 39.

In May 2014, Hainan Glory Real Estate Development Co., Ltd 海南國瑞房地產開發有限公司 ("Hainan Glory") acquired the entire equity interest in Hainan Junhe Industrial Co., Ltd 海南駿和實業有限公司 ("Hainan Junhe") for a consideration of RMB1,014,000,000 from an independent third party. The acquisition was accounted for an acquisition of assets and the associated liabilities, of which the main assets were properties under development. In November 2016, due to changes in regulations of Hainan Province in relation to the land held by Hainan Junhe, Hainan Glory entered into a supplementary agreement with the seller. Pursuant to the supplementary agreement, the consideration was changed from RMB1,014,000,000 to RMB667,140,000 and if the net profit after tax of Hainan Junhe reaches 15% or above, Hainan Glory is obliged to pay additional consideration of RMB82,860,000 to the seller. As at 31 December 2016, the additional consideration is not provided as the Group considers it is not probable the condition for such additional payment will be achieved. As a result of the above changes, Hainan Glory reversed the consideration payable amounting to RMB346,860,000 against the carrying amounts of the properties under development.

(b) The amount is related to the cancellation of a sale contract with a connected person as defined under the Listing Rules, which is unsecured and repayable on demand as at December 31, 2015. The amount was paid during the current year.

(c) Pursuant to the relevant agreements, rental deposits of approximately RMB77,794,000 (2015: RMB65,970,000) as at December 31, 2016 are to be settled after twelve months from the end of the reporting period and is therefore classified as non-current liability.

31. TRADE AND OTHER PAYABLES (continued)

Trade payables comprise construction costs payable and other project-related expenses payable. The average credit period of trade payable is approximately 180 days.

The following is an aged analysis of trade payables based on invoice date at the end of the reporting period:

	At December 31,	
	2016	2015
	RMB'000	RMB'000
0 to 60 days	**2,551,084**	2,577,407
61-365 days	**478,604**	386,298
1-2 years	**772,986**	227,801
Over 2 years	**141,204**	31,666
	3,943,878	3,223,172

32. DEPOSITS RECEIVED FROM SALE OF PROPERTIES

In the opinion of the directors of the Company, no deposits received from sale of properties as at December 31, 2016 (2015: Nil) are expected to be recognised as revenue after twelve months from the end of the reporting period.

33. TAXATION PAYABLE

	At December 31,	
	2016	2015
	RMB'000	RMB'000
LAT payable	**900,312**	614,153
Income tax payable	**994,163**	863,548
	1,894,475	1,477,701

34. BANK AND OTHER BORROWINGS

	At December 31, 2016 RMB'000	2015 RMB'000
Bank loans, secured	**15,607,867**	10,188,650
Other loans, secured	**300,000**	2,109,475
	15,907,867	12,298,125
The borrowings are due to be repaid:		
– On demand	**1,071,200**	857,900
– within one year	**1,806,289**	2,861,097
– More than one year, but not exceeding two years	**11,071,080**	1,812,157
– More than two years, but not exceeding five years	**1,521,298**	6,062,130
– More than five years	**438,000**	704,841
	15,907,867	12,298,125
Less: Amount due within one year shown under current liabilities	**(2,877,489)**	(3,718,997)
Amount shown under non-current liabilities	**13,030,378**	8,579,128

The Group's bank and other borrowings are all denominated in RMB. Details of assets that have been pledged to secure bank and other borrowings are set out in Note 41.

The directors of the Company consider that the carrying amounts of borrowings and related interest amounting to RMB32,166,000 (31 December 2015: RMB29,771,000) as at 31 December 2016 recognised in the consolidated financial statements approximate to their fair value.

Bank loans

Borrowings include approximately RMB6,878,889,000 (2015: RMB7,259,626,000) variable rate borrowings which carry effective interest ranging from 2.46% to 6.65% (2015: 5.23% to 8.52%) per annum during the year ended December 31, 2016 and exposed the Group to cash flow interest rate risk. The remaining borrowings are arranged at fixed rate, the effective interest rate was 5.9% to 10.0% (2015: 2.09% to 12.2%) per annum during the year ended December 31, 2016, and exposed the Group to fair value interest rate risk.

As at December 31, 2016, bank borrowings amounting to RMB388,000,000 (2015: RMB560,000,000) are specific borrowings for the Qinian Street Project as set out in Note 24.

34. BANK AND OTHER BORROWINGS (continued)

Bank loans (continued)

During the current year, in respect of several bank loans with an aggregate carrying amount of RMB1,071,200,000 (2015: 857,900,000) as at December 31, 2016, the Group breached certain of the terms of bank loans, which are primarily related to the debt-equity ratio of the Group. On discovery of the breaches, the directors of the Company informed the lenders and commenced a renegotiation of the terms of the loans with the relevant bankers. Among the 2015 bank loans that breached certain terms, bank borrowings amounting to RMB326,700,000 was paid in early by the Group in the current year, with the remaining balance of RMB531,200,000 still under renegotiation between the Group and relevant bankers. During the year ended December 31, 2016 additonal loans amounting to RMB540,000,000 breached certain terms and were also under renegotiation between the Group and relevant bankers. As at December 31, 2016, these negotiations have not been concluded and waivers from the lenders for their rights to demand immediate payment have not been obtained as at the end of the reporting period. Accordingly, the loans are repayable on demand and have been classified as current liabilities as at December 31, 2016. Up to the date of approval for issuance of these consolidated financial statements, the negotiations are still in progress. The directors of the Company are confident that their negotiations with the lenders will ultimately reach a successful conclusion. In any event, should the lenders call for immediate repayment of the loans, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group.

Included in the bank loans, the following loans were borrowed through the assignment of bank loans:

(i) Original Beijing Glory

In January 2014, Original Beijing Glory borrowed a loan of RMB800,000,000 from Guangzhou Securities Co., Ltd through the assignment loan of Huaxia Bank. The loan carries a fixed interest at 7.72% and is secured by certain properties under development and properties held for sale of the Group. During 2015, Original Beijing Glory repaid part of the loan that amounting to RMB640,000,000. The remaining balance was repaid in the current year.

In October 27, 2016, Original Beijing Glory borrowed a loan of RMB1,400,000,000 with a fixed interest rate at 7% from Shanghai Haitong Securities Management Co., Ltd through the assignment loan of Ziyang Minsheng Rural Banking. The loan is guaranteed by Shantou Garden Group Co., Ltd. 汕頭花園集團有限公司 ("Garden Group") and secured by the investment property held by Original Beijing Glory. The total balance will be due for repayment on October 19, 2018.

(ii) Glory Xingye (Beijing) Investment Co., Ltd 國瑞興業(北京)投資有限公司 ("Glory Investment) and Beijing Wenhuashengda Real Estate Development Co., Ltd 北京文華盛達房地產開發有限公司 ("Beijing Wenhuashengda")

In December 2015, Glory Investment and Beijing Wenhuashengda borrowed loans of RMB1,072,002,000 and RMB837,522,000 respectively from Bosera Capital Management Co., Ltd through the assignment loan of China Bohai Bank Beijing Branch. The loans are secured by 100% equity interest of Glory Investment and Beijing Wenhuashengda, and are guaranteed by Original Beijing Glory, Garden Group, Mr. Zhang Zhangsun and Ms. Ruan Wenjuan. Both loans carried a fixed interest at 6.5% per annum. The loan of RMB1,072,002,000 will be due for repayment on December 21, 2018. Part of the loan borrowed by Beijing Wenhuashengda amounted to RMB37,522,000 was repaid during the current year, and the remaining balance of RMB800,000,000 will be due for repayment on December 21, 2018.

34. BANK AND OTHER BORROWINGS (continued)

Bank loans (continued)

(ii) Glory Xingye (Beijing) Investment Co., Ltd 國瑞興業(北京)投資有限公司 ("Glory Investment) and Beijing Wenhuashengda Real Estate Development Co., Ltd 北京文華盛達房地產開發有限公司 ("Beijing Wenhuashengda") (continued)

In 2016, Glory Investment and Beijing Wenhuashengda further borrowed loans of RMB627,998,000 and RMB550,478,000 respectively from Bosera Capital Management Co., Ltd through the assignment loan of China Bohai Bank Beijing Branch. For Glory Investment, loan amount of RMB400,000,000 will be due for repayment on January 4, 2018, and remaining balance of RMB227,998,000 will be due for repayment on January 4, 2019. For Beijing Wenhuashengda, loan amount of RMB462,478,000 will be due for repayment on January 4, 2018, and the remaining balance of RMB88,000,000 will be due for repayment on December 21, 2018.

(iii) Shenzhen Glory

In November 2015, Shenzhen Glory borrowed a loan of RMB300,000,000 from Great Wall Capital Co., Ltd through the assignment loan of Guangdong Huaxing Bank Shenzhen Branch. The loan carries a fixed interest at 10% per annum, and is secured by 75% of equity interest as well as investment properties of Shenzhen Wanji, a subsidiary of Shenzhen Glory. Besides the security, the loan is also guaranteed by Garden Group and Mr. Zhang Zhangsun and Ms. Ruan Wenjuan. The total balance will be due for repayment on November 5, 2017.

(iv) Foshan Glory Southern Real Estate Development Co., Ltd 佛山市國瑞南方地產開發有限公司 ("Foshan Glory Southern")

In July 28, 2016, Foshan Glory Southern borrowed a loan of RMB670,000,000 from Shanghai Zhihua Investment Center (Limited Partnership) through the assignment loan of Bank of China Foshan Branch. The loan carries a fixed interest at 5.9% per annum, and is secured by 100% equity interest and properties under development of Foshan Glory Southern. Besides the security, the loan is also guaranteed by Garden Group, Foshan Glory Xingye Real Estate Co., Ltd 佛山市國瑞興業地產有限公司 ("Foshan Glory") and Mr. Zhang Zhangsun. The total balance will be due for repayment on July 27, 2018.

(v) Suzhou Glory Real Estate Co., Ltd. 蘇州國瑞地產有限公司 ("Suzhou Glory")

In May 16, 2016, Suzhou Glory borrowed a loan of RMB2,500,000,000 from Southern Capital Management Co., Ltd through the assignment loan of Bank of Jiangsu Suzhou Wuzhong Branch. The loan carries a fixed interest at 8.0% per annum, and is secured 100% equity interest of Suzhou Glory as well as properties under development of Suzhou Glory. Besides the security, the loan is also guaranteed by New Beijing Glory, Garden Group, Mr. Zhang Zhangsun and Ms. Ruan Wenjuan. The total balance will be due for repayment on May 15, 2018.

34. BANK AND OTHER BORROWINGS (continued)

Other loans

(i) Original Beijing Glory

In July 2013, Original Beijing Glory borrowed a loan of RMB769,060,000 from Minmetals International Trust Co., Ltd ("Minmetals Trust"). The loan is secured by certain land use rights of properties under development of the Group in Beijing, and carries fixed interest at 10% per annum. Original Beijing Glory repaid loan amounts of RMB200,000,000 and RMB300,000,000 during 2014 and 2015, respectively. The remaining balance of RMB269,060,000 was repaid during the current year.

(ii) Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd. 汕頭國瑞建材家居博覽中心有限公司 ("Shantou Construction Materials")

In December 2012, Shantou Construction Materials borrowed a loan of RMB120,000,000 from Sichuan Trust Co., Ltd. ("Sichuan Trust"). The right of income generated from certain investment properties of a subsidiary of the Company has been charged as security to Sichuan Trust. The loan is also guaranteed by Mr. Zhang zhangsun and Ms. Ruan Wenjuan. The loan carries variable interest at 95% of the over-5-year benchmark loan rate quoted by the People's Bank of China plus 0.5% and an upfront fee with the rate of 1.7925% per annum. A loan instalment of RMB1,450,000 will be repaid quarterly from March 21, 2013 to September 21, 2018. The Company repaid RMB5,800,000 in the year of 2015. The remaining balance of RMB102,600,000 was fully repaid during the current year.

(iii) Shenyang Dadongfang Properties Co., Ltd. 瀋陽大東方置業有限公司 ("Shenyang Dadongfang")

In July 2014, Shenyang Dadongfang entered into a trust loan agreement with Minsheng Trust Co., Ltd. in which the total credit facility granted is RMB450,000,000. The loan is secured by certain land use rights and properties under development of the Group. The Company has drawn down the loan amounts of RMB300,000,000 and RMB150,000,000 during 2014 and 2015, respectively. The loan carries fixed interest at 12.2% per annum, with maturity of 24 months. Early repayment is permitted after one year from the drawdown date. On July 21, 2016, the total balance of RMB450,000,000 was early repaid by Shenyang Dadongfang.

In December 2015, a trust loan of RMB300,000,000 was borrowed from SDIC Taikang Trust Co., Ltd by Shenyang Dadongfang. The loan is secured by certain properties under development and properties held for sale of the Group. The loan carries fixed interests at 8.3% per annum for the first year and 9.8% per annum for the second year, respectively. 30% of the loan will be due for repayment on June 29, 2017 and the remaining balance will be due for repayment on December 29, 2017.

34. BANK AND OTHER BORROWINGS (continued)

Other loans (continued)

(iv) Foshan Glory and Foshan Glory Southern (continued)

In July 2014, Foshan Glory and Foshan Glory Southern, subsidiaries of the Company, entered into a tri-party agreement with Pingan Trust Co., Ltd深圳平安大華匯通財務管理有限公司 ("Pingan Trust"). Pursuant to this agreement, Pingan Trust made the cash contribution of RMB23,330,000 to Foshan Glory Southern and holds the 70% equity interest in it. Pursuant to another agreement between Foshan Glory and Pingan Trust signed on the same date, Foshan Glory agreed to repurchase the equity interest of Foshan Glory Southern held by Pingan Trust in 2016, at the consideration of RMB23,330,000 plus the additional expense charged at a rate of 11.5% per annum. Prior to such transaction, the Group holds 80% interest in Foshan Glory which holds 100% interest in Foshan Glory Southern. The Group continues to account for Foshan Glory Southern as a 80% owned subsidiary of the Group through Foshan Glory, taking into account that the Group can still exercise control over Foshan Glory Southern, the compulsory repurchase arrangement and Pingan Trust does not expose to any risks or entitle to any rewards (including profit distribution) as equity holder of Foshan Glory Southern but receives fixed interest income. The transaction as a whole has been considered as a loan granted to the Group in these consolidated financial statements to reflect the economic substance of the arrangement. The repurchase agreement is guaranteed by Original Beijing Glory and New Beijing Glory.

In July 2014 and July 2015, Foshan Glory Southern additionally borrowed RMB426,670,000 and RMB537,815,000 respectively from Pingan Trust, which due for repayment in full after 24 months and 18 months from the respective draw down dates, and carried interest at a rate of 11.5% per annum. The above loans were secured by the 100% equity interest of Foshan Glory Southern and guaranteed by Mr. Zhang zhangsun and Ms. Ruan Wenjuan.

On July 29, 2016, the loan of RMB23,330,000, RMB426,670,000 and RMB537,815,000 were repaid, and no balance is outstanding at the end of the reporting period.

35. CORPORATE BONDS

Corporate bonds

On November 11, 2015, Garden Group has issued its first tranche of domestic corporate bonds to the public in the PRC ("First Tranche Issue") with a principal amount of RMB2,000,000,000, bearing interest at the coupon rate of 7.25% per annum paid annually, and has a term of 5 years. On December 22, 2015, Garden Group has issued the second tranche of domestic corporate bonds to the public in the PRC ("Second Tranche Issue") with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 7.47% per annum, paid annually, and has a term of 5 years. The Group is entitled to adjust or not adjust the coupon rate at the end of the third year with the right of redemption exercisable by the holders. The corporate bonds of First Tranche Issue and Second Tranche Issue are collectively referred as "2015 Corporate Bonds".

On September 22, 2016, Garden Group has issued its first tranche of domestic corporate bonds through non-public offering in the PRC ("First Tranche Non-public Issue") with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 5.3% per annum paid annually, and has a term of 5 years. The Group is entitled to adjust the coupon rate at the end of the third year with the right of redemption exercisable by the holders. The non-public offering corporate bonds of 2016 are referred as "2016 Corporate Bonds". The 2016 Corporate Bonds are secured by certain investment properties of the Group.

According to the terms and conditions of the 2015 and 2016 Corporate Bonds, Garden Group has the right to adjust and not adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before November 10 and December 21, 2018 and September 21, 2019 for the First Tranche Issue and the Second Tranche Issue of 2015 Corporate Bonds and the First Tranche Non-public Issue of 2016 Corporate Bonds, respectively. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued and unpaid interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the First Tranche Issue and Second Tranche Issue of 2015 Corporate Bonds is approximately 7.61% and 7.64% per annum, and the effective interest rate of the First Tranche Non-public Issue of 2016 Corporate Bonds is approximately 5.47% per annum after the adjustment for transaction costs.

The directors of the Company consider that the carrying amounts of corporate bonds and related interest amounting to RMB35,401,000 (31 December 2015: RMB21,897,000) as at 31 December 2016 recognised in the consolidated financial statements approximate to their fair value.

36. SHARE CAPITAL

	Number of shares HKD0.001 each	Share capital HKD	Equivalent to RMB'000
Ordinary shares of HKD0.001 each			
Authorised:			
At January 1, 2015, December 31, 2015 and 2016	10,000,000,000	10,000,000	
Issued and fully paid:			
At January 1, 2015	4,431,634,000	4,431,634	3,509
Exercise of share options	2,180,997	2,181	2
At December 31, 2015	4,433,814,997	4,433,815	3,511
Exercise of share options (Note 38)	3,179,318	3,179	2
At December 31, 2016	4,436,994,315	4,436,994	3,513

During the year ended December 31, 2016, share options to subscribe for 3,179,318 (2015: 2,180,997) ordinary shares with par value of HKD0.001 each were exercised at HKD1.428 per share.

37. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The group entities in the PRC contribute funds which are calculated on a certain percentage range from 12% to 20% of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. The total cost charged to profit or loss for the year ended December 31, 2016 amounted to RMB21,482,000 (2015: RMB17,745,000), represent contributions paid or payable to the scheme by the Group.

38. SHARE-BASED PAYMENT TRANSACTIONS

i. Share award scheme

Pursuant to the share award scheme adopted by the Company on June 5, 2014 (the "Share Award Scheme"), a total of four employees were awarded in aggregate 33,617,700 shares of the Company on June 16, 2014. The awarded shares will vest in three equal tranches on the first, second and third anniversary of the date on which the Company's shares are listed on the Stock Exchange (the "Listing Date"), respectively. 33.33% of the Awarded Shares were vested during the year ended December 31, 2016 (2015: 33.33%).

The weighted average fair value of the shares granted under the Share Award Scheme at June 16, 2014 was RMB56,242,000, which was determined using Monte Carlo simulation model. The significant inputs into the model were estimated fair value of these unlisted shares at the grant date, expected dividend pay-out rate, annual risk-free rate and volatility rate. The volatility is measured based on past year's historical price volatility of similar companies.

The Group recognised an expense of RMB10,500,000 (2015: RMB33,462,000) for the year ended December 31, 2016 in relation to shares awarded by the Company.

The shares awarded by the Company will be settled with the existing shares held by a trust company on behalf of the Company. During the year ended December 31, 2016, 11,205,896 (2015: 11,205,896) shares had been vested to the employees.

The following table discloses movements of the awarded shares during both years:

	Outstanding at year ended January 1, 2016	Vested during the year	Outstanding at year ended December 31, 2016
Awarded shares	**22,411,804**	**(11,205,896)**	**11,205,908**

	Outstanding at year ended January 1, 2015	Vested during the year	Outstanding at year ended December 31, 2015
Awarded shares	33,617,700	(11,205,896)	22,411,804

38. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Share Option Scheme

Pre-IPO Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on June 5, 2014 (the "Pre-IPO Share Option Scheme"), the Company granted to 54 employees options to subscribe for an aggregate of 67,076,800 shares of the Company on June 16, 2014 (the "Pre-IPO Share Option").

All options under the Pre-IPO Share Option Scheme were granted on June 16, 2014 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date. No additional performance target or condition applies to the outstanding options granted under the Pre-IPO Share Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date, respectively. All share options will be expired after 7 years since the grant date.

The vesting period of the Pre-IPO Share Options is as follows:

33.33%: from the date of grant to July 7, 2015
33.33%: from the date of grant to July 7, 2016
33.34%: from the date of grant to July 7, 2017

Post-IPO Share Option Scheme

The Company adopted the post-IPO share option scheme on June 5, 2014 (the "Post-IPO Share Option Scheme") to enable the Company to grant options to any director (including the independent non-executive directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "Eligible Participants"). The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its shareholders as a whole.

Pursuant to the Post-IPO Share Option Scheme, the Company offered to 137 employees options to subscribe for an aggregate of 98,000,000 shares of the Company. The first tranche of 49,000,000 shares options were granted on October 27, 2015("Share Option 2015") and were forfeited during the year ended December 31, 2015 because of failure to satisfy the performance conditions. The second tranche of 49,000,000 share options were granted on March 23, 2016 ("Share Option 2016"), with performance targets or conditions being applied to the options granted under the Share Option 2016. The exercise price of these options granted under the Share Option 2016 is HK$3.75 per share. All options granted under the Share Option 2016 will be expired after 9.6 years from the grant date.

38. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Share Option Scheme (continued)

The following table discloses movements of the Company's share options held by employees and directors during the year ended December 31, 2016:

	Outstanding at 1/1/2016	Granted during the year	Exercised during the year	Forfeited during the year (note)	Outstanding at 31/12/2016
Pre-IPO Share Option					
– Directors	10,500,000	—	—	—	10,500,000
– Other staff	54,395,803	—	(3,179,318)	(800,002)	50,416,483
Share Option 2016					
– Directors	—	2,900,000	—	(2,900,000)	—
– Other staff	—	46,100,000	—	(46,100,000)	—
	64,895,803	49,000,000	(3,179,318)	(49,800,002)	60,916,483
Exercisable at the end of the year					38,957,509
Weighted average exercise price (HKD)	1.428	3.75	1.428	3.71	1.428

Note: The share options granted under Pre-IPO Share Option were forfeited during the year ended December 31, 2016 because of resignation of the employees before vesting of the share options.

Share Option 2016 were forfeited during the year ended December 31, 2016 because of failure to satisfy the performance conditions.

38. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Share Option Scheme (continued)

	Outstanding at 1/1/2015	Granted during the year	Exercised during the year	Forfeited during the year (note)	Outstanding at 31/12/2015
Pre-IPO Share Option					
– Directors	10,500,000	—	—	—	10,500,000
– Other staff	56,576,800	—	(2,180,997)	—	54,395,803
Share Option 2015					
– Directors	—	2,900,000	—	(2,900,000)	—
– Other staff	—	46,100,000	—	(46,100,000)	—
	67,076,800	49,000,000	(2,180,997)	(49,000,000)	64,895,803
Exercisable at the end of the year					20,177,936
Weighted average exercise price (HKD)	1.428	3.75	1.428	3.75	1.428

Note: The share options granted under Share Option 2015 were forfeited during the year ended December 31, 2015 because of failure to satisfy the performance conditions.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HKD2.68.

38. SHARE-BASED PAYMENT TRANSACTIONS (continued)

ii. Share Option Scheme (continued)

The fair values of the share options granted were calculated using the binominal model. The inputs into the model were as follows:

	Share Option 2016	Share Option 2015	Pre-IPO Share Option
Date of grant	**March 23, 2016**	October 27, 2015	June 16, 2014
Share price at the date of grant	**HKD 3.02**	HKD 3.75	HKD 2.38
Exercise price of the options	**HKD 3.75**	HKD 3.75	HKD 1.428
Expected volatility	**39.41%**	40.47%	42.10%
Expected life	**9.6 years**	5.45 years	7 years
Risk-free rate	**1.086%**	0.968%	1.32%
Expected dividend yield	**1.417%**	1.417%	4.88%
Fair value	**RMB 0.6605**	RMB 1.0318	RMB 0.720

Expected volatility was determined by using the historical volatility of the similar companies and the Company. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

The Group recognised the total expense of RMB8,953,000 (2015: RMB21,917,000) for the year ended December 31, 2016 in relation to share options granted by the Company.

39. ACQUISITION OF SUBSIDIARIES

(a) On June 7, 2015, the Group entered into an equity interest transfer and cooperation agreement (the "Agreement") with an independent third party Shenzhen Yahai Technology Co., Ltd 深圳市雅海科技有限公司 ("Shenzhen Yahai") to acquire 87.5% equity interest in Shenzhen Wanji at a cash consideration of RMB500,000,000 and an assignment of debts of RMB200,000,000. Shenzhen Wanji held two properties in a piece of land in Shenzhen, PRC. This acquisition is accounted for as an acquisition of assets and the associated liabilities.

As at June 30, 2015, legal title of 62.5% equity interest in Shenzhen Wanji was transferred to the Group. The transfer of the legal title of the remaining 12.5% was completed before December 31, 2015 and the transfer of the legal title of remaining 12.5% equity interest will be completed upon full settlement of the outstanding consideration payable of RMB100,000,000. As the Group is obliged to settle the outstanding consideration payable and the Group is exposed to any risk or entitled to any rewards relating to 87.5% equity interest as equity holder of Shenzhen Wanji, the acquisition is considered as a single acquisition or a linked transaction. The Group accounts for Shenzhen Wanji at 87.5% effective interest from the date of acquisition. Shenzhen Wanji became an indirect subsidiary of the Company.

On May 30, 2016, the Group has renegotiated and entered into an agreement with an independent third party, Shenzhen Xiangrui Investment Co., Ltd (深圳祥瑞投資有限公司) ("Shenzhen Xiangrui"), and agreed to dispose of the 12.5% equity interest in Shenzhen Wanji at a consideration of RMB100,000,000. The disposal was completed during the current year and the consideration was settled through the consideration payable to the Shenzhen Xiangrui of same amount.

On August 2016, the Group entered into an equity interest transfer agreement with Ji'an Wangda Electricity and Material Co., Ltd (吉安市旺達電力物資有限公司) ("Ji'an Wangda") and Shenzhen Xiangrui. According to the agreement, Ji'an Wangda transferred 5% equity interest of Shenzhen Wanji to the Group with a consideration of RMB50,000,000. Upon the completion of the acquisition, the Group holds 80% equity interest of Shenzhen Wanji.

(b) On January 8, 2016, the Group entered into an agreement with Shantou Jinming Wujin Material Co., Ltd. (汕頭金明五金材料有限公司) ("Jinming Wujin"), a company controlled by Mr. Zhang Zhangsun, for the acquisition of 100% equity interest in Shantou Guorui Hospital Co., Ltd. 汕頭市國瑞醫院有限公司 ("Guorui Hospital") for a total cash consideration of RMB306,000,000. Guorui Hospital currently owns the land use right of a parcel of land in Shantou. Guorui Hospital has not carried on any business or operations other than holding this parcel of land. This acquisition is accounted for as an acquisition of assets and the associated liabilities.

39. ACQUISITION OF SUBSIDIARIES (continued)

(c) On March 5, 2014, Shenzhen Glory Xingye, an indirect subsidiary of the Company, entered into an equity interest transfer agreement to acquire 30% of the equity interest in Shenzhen Dachaoshan from Mr. Ma Pengfa and Shenzhen Dachao Capital Management Co., Ltd. (深圳大潮資本管理有限公司) ("Shenzhen Dachao), of which the former party transfers 10% of the equity interest while the latter party transfers 20% of the equity interest to Shenzhen Glory Xingye, for a total consideration of RMB12,000,000. Both Mr. Ma Pengfa and Shenzhen Dachao are not related to the Group. According to a share capital resolution passed on March 16, 2014, Shenzhen Glory Xingye increased its capital contribution in Shenzhen Dachaoshan by RMB24,000,000, and the equity interest ratio remains unchanged.

On July 20, 2016, Shenzhen Glory Xingye entered into agreements with Ruili Yefeng Commercial Co., Ltd (瑞麗市業豐貿易有限公司), Shenzhen Junpengxin Real Estate Co., Ltd (深圳市駿鵬鑫房地產有限公司), Shenzhen Dachao and Mr. Ma Pengfa in relation to the acquisition of the additional 45% equity interest of Shenzhen Dachaoshan. Upon completion of this equity transaction, the Group made a total payment of RMB534,596,800 and obtained control over Shenzhen Dachaoshan. This acquisition is accounted for as an acquisition of assets and the associated liabilities.

(d) On September 19, 2016, Beijing Glory Real Estate (Holding) Co., Ltd (北京國瑞興業房地產控股有限公司) ("Beijing Glory Real Estate Holding") entered into an agreement with the independent third parties, namely Ms. Yao Xiaoli (姚曉麗), Mr. Yao Shuobin (姚朔斌) and Mr. Yao Wenchen (姚文琛) (collectively referred as the "Vendors") with respect to equity interests transfer of Qidong Yujiangwan and its subsidiary Yao Ji (Nantong) Industrial Co., Ltd. 姚記 (南通) 實業有限公司 ("Yaoji Nantong"). According to the agreement, 100% equity interest in Qidong Yujiangwan and Yaoji Nantong and equity holder's loan of approximately RMB818,639,000 were transferred to Beijing Glory Real Estate Holding for a total cash consideration of RMB1,877,170,000. The consideration will be paid by instalments. As of the end of the reporting period, the Group has paid 60% of the total consideration and respective 60% equity interest of Qidong Yujiangwan was transferred to the Group. The remaining 30% and 10% of the total consideration will be paid and respective equity interest will be transfered accordingly before March 31, 2017 and October 1, 2017 respectively. As the Group is obliged to settle the outstanding consideration payable and the Group is exposed to any risk or entitled to any rewards relating to 100% equity interest as equity holder of Qidong Yujiangwan and Yaoji Nantong, the acquisition is considered as a single acquisition or a linked transaction. The Group accounts for Qidong Yujiangwan and Yaoji Nantong at 100% effective interest from the date of acquisition. This acquisition is accounted for as an acquistion of assets and the associated liabilities.

39. ACQUISITION OF SUBSIDIARIES (continued)

The net assets of subsidiaries at the date of acquisition are as follows:

	Year ended December 31,			
	2016	2016	2016	2015
	Guorui Hospital RMB'000	Shenzhen Dachaoshan RMB'000	Qidong Yujiangwan and its subsidiary RMB'000	Shenzhen Wanji RMB'000
Assets acquired and liabilities recognised at the date of acquisition:				
Property, plant and equipment	2,725	1,000	—	1
Properties under development	—	—	1,871,882	—
Investment properties	—	—	—	798,921
Prepaid lease payments	290,495	—	—	—
Deferred tax assets	236	—	—	—
Trade and other receivables	5,933	—	5,283	10,207
Cash and bank balances	9,821	312	5	—
Trade and other payables	(3,210)	(233)	—	(9,129)
Other non-current assets	—	789,448	—	—
Amount due to the then equity holder	—	—	—	(200,000)
Net assets acquired	306,000	790,527	1,877,170	600,000
Less: Non-controlling interests	—	(224,461)	—	(100,000)
Total consideration	306,000	566,066	1,877,170	500,000
Satisfied by:				
Cash	236,000	534,597	1,126,302	400,000
Deposit paid in prior year	70,000	—	—	—
Consideration payable	—	—	750,868	100,000
Interest in Shenzhen Dachaoshan	—	31,469	—	—
	306,000	566,066	1,877,170	500,000
Net cash outflow arising on acquisition:				
Cash consideration	(236,000)	(534,597)	(1,126,302)	(400,000)
Bank balances and cash acquired	9,821	312	5	—
	(226,179)	(534,285)	(1,126,297)	(400,000)

40. DISPOSAL OF SUBSIDIARIES

During the year ended December 31, 2016, New Beijing Glory, a 80% owned subsidiary of the Company, disposed of the entire 100% equity interest in Glory Services and its subsidiary to Shenzhen Glory Industrial Development Co., Ltd 深圳國瑞興業發展有限公司 ("Shenzhen Glory Industrial"), a related party controlled by Mr. Zhang Zhangsun. The gain on disposal of the subsidiary amounted to RMB283,000 were recognized as a deemed contribution from equity holder recognised directly in equity.

	Year ended December 31, 2016 RMB'000
Consideration	5,000
Analysis of assets and liabilities over which control were lost:	
Property, plant and equipment	5,745
Intangible assets	296
Trade and other receivables	18,523
Inventories	16
Cash and bank balances	17,816
Trade and other payables	(35,304)
Amounts due to related parties	(2,446)
Net assets disposed of	4,646
Gain on disposal of a subsidiary recognized in equity:	
Other receivables (note)	5,000
Net assets disposed of	(4,646)
Non-controlling interests	(71)
	283
Net cash outflow arising on disposal:	
Cash consideration	—
Less: bank balances and cash disposed of	17,816
	(17,816)

Note: The consideration receivable of RMB5,000,000 is unsecured, interest free and repayable on demand.

41. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and other borrowings granted to the Group at the end of each reporting period:

	At December 31,	
	2016	2015
	RMB'000	RMB'000
Investment properties	**14,824,090**	13,628,300
Property, plant and equipment	**63,245**	74,008
Prepaid lease payments	**2,121**	2,171
Properties under development	**12,318,147**	3,913,890
Properties held for sale	**1,880,084**	1,390,967
Restricted bank deposits	**10,146**	10,104
	29,097,833	19,019,440

As at December 31, 2016, bank deposits of RMB171,961,000 (2015: RMB53,241,000) were pledged as security for mortgage loans of the Group's customers.

As at December 31, 2016 and 2015, 100% equity interest in Foshan Glory Southern, 51% equity interest in Hainan Junhe, 75% equity interest in Shenzhen Wanji, 100% equity interest in Glory Investment and Beijing Wenhuashengda were pledged to certain banks in the PRC.

As at December 31, 2016, 100% equity interest in Foshan Guohua Properties Co., Ltd. 佛山市國華置業有限公司 ("Foshan Guohua"), 100% equity interest in Shantou Glory, 60% equity interest in Qidong Yujiangwan and 100% equity interest in Suzhou Glory were pledged to certain banks and other borrowings in the PRC.

In addition, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd. ("Hainan Glory Investment") to Hai Kou New City Construction & Development Co., Ltd.海口新城區開發建設有限公司 ("Hai Kou New City") in order to secure the performance obligation as at December 31, 2016 and 2015. Upon the completion of the construction contract, the pledge shall be released within 10 days.

42. COMMITMENTS

	At December 31, 2016 RMB'000	2015 RMB'000
Contracted but not provided for in the consolidated financial statements:		
– Expenditure in respect of investment properties under development	310,802	312,334
– Acquisition of land use rights	—	1,676,476
– Property, plant and equipment	25,576	—
	336,378	1,988,810

In addition to the above capital commitments, the Group has contracted expenditure in respect of properties under development of RMB3,569,079,000 (2015: RMB2,565,291,000) as at December 31, 2016, which have not provided for in the consolidated financial statements.

43. CONTINGENT LIABILITIES

	At December 31, 2016 RMB'000	2015 RMB'000
Guarantees provided by the Group in respect of loan facilities utilised by		
– individual property buyers (note)	6,563,622	3,997,153
– corporate property buyers (note)	45,420	—
	6,609,042	3,997,153

Note: The Group has pledged certain bank deposits (details set out in Note 41) and provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties and under development properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the directors of the Company, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

Pursuant to the construction contract signed between Hainan Glory and Hai Kou New City on July 5, 2009, Hainan Glory pledged its 100% equity interest in Hainan Glory Investment to Hai Kou New City, the details of the pledge are disclosed in Note 41.

44. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to equity holders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes the bank and other borrowings as disclosed in Note 34, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, retained earnings and other reserves.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through issuance of new shares, the payment of dividends, as well as raising of bank and other loans and redemption of bank and other loans.

Categories of financial instruments

	At December 31,	
	2016	2015
	RMB'000	RMB'000
Financial assets		
Loans and receivables (including cash and bank balances)	**1,900,382**	2,706,666
Available-for-sale investments	**165,192**	165,192
Financial assets at fair value through profit or loss	**97**	70,097
	2,065,671	2,941,955
Financial liabilities		
Liabilities measured at amortised cost	**25,424,985**	19,643,372

44. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's financial instruments include financial assets at fair value through profit or loss, available-for-sale investments, trade and other receivables, amount due from a related party, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings and corporate bonds. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates and other prices.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over each of the reporting period.

(1) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances, restricted bank deposits and bank and other borrowings which carry at prevailing deposit interest rates or variable rate based on the interest rates quoted by the People's Bank of China.

The Group's fair value interest rate risk relates primarily to its fixed rate bank and other borrowings, corporate bonds and amount due to a related party. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

44. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(1) Interest rate risk (continued)

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analysis below has been prepared based on the exposure to interest rates on bank balances, restricted bank deposits and variable rate bank and other borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis points (2015: 50 basis points) increase or decrease for variable rate bank and other borrowings and a 27 basis points (2015: 27 basis points) increase or decrease for bank balances and restricted bank deposits are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rate in respect of bank and other borrowings, bank balances and restricted bank deposits, respectively.

If interest rates had been increased/decreased by 50 basis points (2015: 50 basis points) in respect of variable rate bank and other borrowings and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2016 (net of interest capitalization effect) would decrease/increase by approximately RMB2,809,000 (2015: RMB4,594,000).

If interest rates had been increased/decreased by 27 basis points (2015: 27 basis points) in respect of bank balances and restricted bank deposits and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2016 would increase/decrease by approximately RMB3,070,000 (2015: RMB4,193,000) respectively.

(2) Other price risk

The Group is exposed to other price risk through its investment in unlisted equity investments and investment in financial products. As at December 31, 2016, the Group did not hold investments in financial products and the investment in unlisted equity investments are measured at cost less impairment. Accordingly, no sensitivity analysis is presented.

44. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

(3) Foreign currency risk

The Group collects all of its revenue in RMB and incurs most of its expenditures in RMB.

The Group has certain bank deposits in foreign currencies; hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group has bank balances denominated in foreign currencies as follows, which expose the Group to foreign currency risk.

	At December 31,	
	2016	2015
	RMB'000	RMB'000
HKD	**5,610**	6,443
USD	**6,235**	404
	11,845	6,847

The sensitivity analysis below has been determined based on a 5% (2015: 5%) possible appreciation or depreciation in other currencies against Renminbi. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust its translation at the end of the reporting period for a 5% change in the foreign currency rates. The sensitivity rate used is the rate when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

If the foreign currencies appreciates 5% against RMB and all other variables were held constant, the Group's profit for the year ended December 31, 2016 would increase by RMB592,000 (2015: RMB342,000). There would be an equal and opposite impact on post-tax profit for the year if the foreign currencies depreciates 5% against Renminbi.

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

44. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

At the end of each of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in Note 43. In order to minimize the credit risk, monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade and other receivables at the end of each of the reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

For properties that are presold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the reprocessed properties. Therefore, the management considers it would likely recover any loss incurred arising from the guarantee provided by the Group. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For properties that are sold in which consideration not fully received, the management considers the credit risk is limited because the Group is entitled to retain the legal title and take over possession of the underlying properties for re-sale.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are mainly State-owned banks and with high credit ratings in the PRC.

44. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The directors of the Company closely monitor the liquidity position and ensure it has adequate sources of funding to finance the Group's projects and operations.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The amounts included below for variable rate financial liabilities is subject to change if change in interest rates differ to those estimates of interest rates determined at the end of the reporting period.

		Undiscounted cash flows						
	Weighted average interest rate	On demand RMB'000	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2016								
Non-interest bearing	—	1,012,381	4,524,523	—	—	—	5,536,904	5,536,904
Bank and other borrowings								
– Fixed interest rate borrowings	5.90%-10.00%	—	1,292,582	8,495,427	228,163	—	10,016,172	9,028,978
– Variable interest rate borrowings	2.46%-6.65%	1,071,200	1,428,495	3,112,012	1,454,322	463,192	7,529,221	6,878,889
Corporate bonds	5.47%-7.64%	—	272,700	3,272,700	1,053,000	—	4,598,400	3,980,214
		2,083,581	7,518,300	14,880,139	2,735,485	463,192	27,680,697	25,424,985
Financial guarantee contracts	—	6,609,042	—	—	—	—	6,609,042	—
Non-interest bearing (rental deposits received)	—	—	21,442	18,689	59,105	—	99,236	99,236
		8,692,623	7,539,742	14,898,828	2,794,590	463,192	34,388,975	25,524,221

44. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

		Undiscounted cash flows						
	Weighted average interest rate	On demand RMB'000	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2015								
Non-interest bearing	—	556,417	3,611,703	—	—	—	4,168,120	4,168,120
Amount due to a connected person								
– with imputed interest (note 31)	6.00%	200,000	—	—	—	—	200,000	200,000
Bank and other borrowings								
– Fixed interest rate borrowings	2.09%-12.2%	—	2,234,788	814,558	2,566,040	—	5,615,386	4,935,899
– Variable interest rate borrowings	5.23%-8.52%	857,900	1,295,613	1,491,791	4,011,138	744,848	8,401,290	7,362,226
Corporate bonds	7.61%-7.64%	—	219,700	219,700	3,219,700	—	3,659,100	2,977,127
		1,614,317	7,361,804	2,526,049	9,796,878	744,848	22,043,896	19,643,372
Financial guarantee contracts	—	3,997,153	—	—	—	—	3,997,153	—
Non-interest bearing								
(rental deposits received)	—	—	23,002	13,958	52,012	—	88,972	88,972
		5,611,470	7,384,806	2,540,007	9,848,890	744,848	26,130,021	19,732,344

44. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk management (continued)

Bank loans included in the "on demand" time band in the above maturity analysis are loans which the Group breached certain of the terms of those loans as detailed in Note 34. As at 31 December 2016 and 31 December 2015, the aggregate undiscounted principal amounts of these bank loans amounted to RMB1,071,200,000 and RMB857,900,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Undiscounted cash flows					
	Less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2016						
Bank and other borrowings	287,839	517,128	351,581	—	1,156,548	1,071,200
	287,839	517,128	351,581	—	1,156,548	1,071,200
At December 31, 2015						
Bank and other borrowings	92,235	590,847	255,302	—	938,384	857,900
	92,235	590,847	255,302	—	938,384	857,900

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Fair value

The Group's investment in funds of RMB97,000 (2015: RMB97,000) and investment in financial products of nil (2015: RMB70,000,000) as at December 31, 2016 is measured subsequent to initial recognition at fair value, are grouped into Level 2 and determined by reference to a discounted cash flows model based on expected interest rates.

Except as disclosed in Notes 34 and 35, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

45. OPERATING LEASE ARRANGEMENT

(a) The Group as lessor

The properties held by the Group for rental purpose have committed tenants from six months to twenty years in which majority are fixed rental.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	At December 31,	
	2016	2015
	RMB'000	RMB'000
Within one year	**314,171**	233,004
In the second to the fifth year inclusive	**550,769**	359,544
After the fifth year	**213,743**	258,433
	1,078,683	850,981

(b) The Group as lessee

The Group leases various office buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At December 31,	
	2016	2015
	RMB'000	RMB'000
No later than 1 year	**1,492**	1,966
In the second to third year inclusive	**—**	1,229
	1,492	3,195

46. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following related party balances and transactions.

A. During the years ended December 31, 2016 and 2015, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related party	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Group
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Executive Director and daughter of Mr. Zhang Zhangsun
Beijing Glory Commercial Management Co., Ltd.* ("Glory Commercial Management") 北京國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin
Shantou Jinming Wujin Material Co., Ltd.* ("Jinming Wujin") 汕頭金明五金材料有限公司	Controlled by Mr. Zhang Zhangsun
Longhu Huamu Market Co., Ltd ("Longhu Huamu") 汕頭市龍湖花木市場有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Tonghe Leasing Co., Ltd ("Tonghe Leasing") 通和租賃股份有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Glory Services	Controlled by Mr. Zhang Zhangsun
Alltogether Land Company Limited ("Alltogether Land") 通和置業有限公司	Parent and ultimate holding Company controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial	Controlled by Mr. Zhang Zhangsun

* The English name of the companies established in the PRC are for reference only and have not been registered.

46. RELATED PARTY TRANSACTIONS (continued)

B. At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below:

Name of related party	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Non-trade nature:		
Jinming Wujin	—	70,000
Tonghe Leasing	—	1,063
Shenzhen Glory Industrial (note)	5,000	—

Maximum amount outstanding for non-trade receivables	Year ended December 31, 2016 RMB'000	Year ended December 31, 2015 RMB'000
Jinming Wujin	—	70,000
Tonghe Leasing	—	1,063
Shenzhen Glory Industrial	5,000	—

Note: Details of the transaction with Shenzhen Glory Industrial is disclosed in Note 40.

46. RELATED PARTY TRANSACTIONS (continued)

C. At the end of the reporting period, the Group has amounts due to the following related parties and the details are set out below:

Name of related party	At December 31, 2016 RMB'000	2015 RMB'000
Trade nature		
Glory Commercial Management	3,431	24,107
Non-trade nature		
Tonghe Leasing	—	3,000
Jinming Wujin	192	180
Glory Services	2,446	—
Alltogether Land	219,444	27,770
	222,082	30,950
Total	225,513	55,057

Other than the amount due to Glory Commercial Management (aged within one year), other balances are of non-trade nature, unsecured, interest free and repayable on demand.

In addition, the Group borrowed RMB4,170,000 at interest rate of 6.33% per annum from Tonghe Leasing on September 30, 2014 and repaid the remaining balance of RMB3,000,000 in January 2016.

46. RELATED PARTY TRANSACTIONS (continued)

D. During the reporting period, the Group entered into the following transactions with its related parties:

		Year ended December 31,	
Name of related party	Nature of transaction	**2016 RMB'000**	2015 RMB'000
Trade nature			
Glory Commercial Management	Property management services fee	**6,508**	16,832
Non-trade nature			
Tonghe Leasing	Interest expense	**—**	190

E. Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provideed guarantees for certain bank loans and other loans granted to the Group for nil consideration. At December 31, 2016, the Group has bank loans and other loans guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to RMB7,293,132,000 (2015: RMB3,638,155,000).

Jinming Wujin has provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At December 31, 2016, the Group has bank loans and other loans guaranteed by Jinming Wujin amounting to RMB147,654,000 (2015: RMB138,216,000).

Longhu Huamu has provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At December 31, 2016, the Group has bank loans and other loans guaranteed by Longhu Huamu amounting to RMB218,000,000 (2015: nil).

F. Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and other key management of the Group. The key management personnel compensation is as follows:

	At December 31,	
	2016 RMB'000	2015 RMB'000
Short-term employee benefits	**20,497**	18,926
Retirement benefit contributions	**465**	462
Equity-settled share-based payments	**11,195**	32,667
	32,157	52,055

47. SUBSIDIARIES

Details of the Company's subsidiaries at the end of the reporting period are set out below.

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2016	2015	Principal activities
Well Ample Holdings Limited ("Well Ample")	British Virgin Islands ("BVI")	Issued and fully paid USD1	100%	100%	Intermediate holding
Well Ample (HK)	Hong Kong	Issued and fully paid HKD100,000	100%	100%	Investment holding
State Wealth Holdings Limited ("State Wealth")	BVI	Issued and fully paid USD1	100%	100%	Intermediate holding
State Wealth Holdings (HK) Limited ("State Wealth (HK)")	Hong Kong	Issued and fully paid HKD100,000	100%	100%	Investment holding
All Affluent Holdings Limited ("All Affluent")	BVI	Issued and fully paid USD1	100%	100%	Intermediate holding
All Affluent Holdings (HK) Limited ("All Affluent (HK)")	Hong Kong	Issued and fully paid HKD100,000	100%	100%	Investment holding
Glory Real Estate (HK)	Hong Kong	Issued and fully paid HKD10,000	100%	100%	Investment holding
Shantou Glory Management Limited * ^ 汕頭國瑞企業管理有限公司	PRC	Paid up capital RMB40,000,000	100%	100%	Investment holding and hotel operation
Shantou Glory Trading Co., Ltd.* ^ 汕頭國瑞貿易有限公司	PRC	Paid up capital —	100%	100%	Not yet commence business
Garden Group* ^	PRC	Paid up capital RMB48,000,000	100%	100%	Investment holding

47. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2016	2015	Principal activities
Glory Xingye (Beijing) Industrial Co., Ltd.* ("Glory Industrial") 國瑞興業(北京)實業股份有限公司	PRC	Paid up capital RMB458,224,110	91%	91%	Property development
Shantou Construction Materials*	PRC	Paid up capital RMB200,000,000	90%	90%	Property development
Original Beijing Glory*	PRC	Paid up capital RMB1,166,000,000	80%	80%	Property development and investment holding
New Beijing Glory*	PRC	Paid up capital RMB52,000,000	80%	80%	Investment holding
Glory Services* (Note 40)	PRC	Paid up capital RMB5,000,000	—	80%	Property management and services
Glory Investment*	PRC	Paid up capital RMB10,000,000	80%	80%	Investment holding
Hainan Glory*	PRC	Paid up capital RMB100,000,000	80%	80%	Property development
Wanning Glory Real Estate Development Co., Ltd.* 萬寧國瑞房地產開發有限公司	PRC	Paid up capital RMB30,000,000	80%	80%	Property development
Hainan Tongcheng Industrial Co., Ltd.* 海南同城實業有限公司	PRC	Paid up capital RMB74,270,000	80%	80%	Property development
Hainan Nandujiang Industrial Development Co., Ltd.* 海南南渡江實業發展有限公司	PRC	Paid up capital RMB20,030,000	80%	80%	Property development
Haikou Hangrui Development Industrial Co., Ltd.* ("Haikou Hangrui") 海口航瑞實業發展有限公司	PRC	Paid up capital RMB110,104,100	80%	80%	Property development

47. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2016	2015	Principal activities
Hainan Glory Investment*	PRC	Paid up capital RMB466,869,243	80%	80%	Property development
Xinzheng Glory Real Estate Development Co.,Ltd.* 新鄭市國瑞房地產開發有限公司	PRC	Paid up capital RMB100,000,000	80%	80%	Property development
Foshan Glory*	PRC	Paid up capital RMB10,000,000	80%	80%	Property development
Foshan Guohua* (note(c))	PRC	Paid up capital RMB10,000,000	44%	44%	Property development
Langfang Glory Investment Co., Ltd.* 廊坊國瑞投資有限公司	PRC	Paid up capital RMB100,000,000	80%	80%	Investment holding
Langfang Guosheng Real Estate Development Co., Ltd.* 廊坊國盛房地產開發有限公司	PRC	Paid up capital RMB30,000,000	80%	80%	Property development
Langfang Glory Real Estate Development Co., Ltd.* 廊坊國瑞房地產開發有限公司	PRC	Paid up capital RMB150,000,000	80%	80%	Property development
Langfang Guoxing*^	PRC	Paid up capital RMB110,000,000	100%	100%	Property development
Yongqing County Orchard Sport Services Co., Ltd.* 永清縣果園體育服務有限公司	PRC	Paid up capital RMB1,000,000	80%	80%	Not yet commence business
Shenzhen Glory Xingye*	PRC	Paid up capital RMB100,000,000	100%	100%	Not yet commence business

47. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2016	2015	Principal activities
Shantou Guohua Properties Real Estate Development Co., Ltd.* 汕頭市國華置業地產開發有限公司	PRC	Paid up capital RMB20,000,000	60%	60%	Property development
Shantou Glory Zhoucuowen Real Estate Development Co.,Ltd. * 汕頭市國瑞周厝塭房地產開發有限公司	PRC	Paid up capital RMB20,000,000	68%	68%	Property development
Shenyang Dadongfang *	PRC	Paid up capital RMB186,362,194	80%	80%	Property development
Shenyang Glory Industrial Commerce Co., Ltd.* 瀋陽國瑞興業商務有限公司	PRC	Paid up capital RMB1,000,000	80%	80%	Properties management services
Chaoan County Meilin Lake Development & Construction Co., Ltd.* (“Chaoan Meilin”) (note(c)) 潮州市潮安區梅林湖開發建設有限公司	PRC	Paid up capital RMB10,000,000	48%	48%	Property development
Shaanxi Huawei*	PRC	Paid up capital RMB200,000,000	80%	80%	Property development
Hainan Junhe*	PRC	Paid up capital RMB50,000,000	80%	80%	Property development
Beijing Wenhuashengda*	PRC	Paid up capital RMB50,000,000	80%	80%	Property development
Foshan Glory Southern*	PRC	Paid up capital RMB33,330,000	80%	80%	Property development

47. SUBSIDIARIES (continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group At December 31, 2016	2015	Principal activities
Langfang Guohua Real Estate Development Co., Ltd.* 廊坊市國華房地產開發有限公司	PRC	Paid up capital RMB100,000,000	80%	80%	Property development
Shenzhen Wanji*	PRC	Paid up capital RMB130,000,000	80%	87.5%	Not yet commence business
Shenzhen Glory Jingang Estate Development Co., Ltd.* 深圳國瑞金港地產開發有限公司	PRC	Paid up capital —	100%	100%	Not yet commence business
Shenzhen Glory Sichuang Estate Development Co., Ltd.* 深圳國瑞思創地產開發有限公司	PRC	Paid up capital —	100%	100%	Not yet commence business
Beijing Jiale Jiale e-Commerce Co., Ltd.* (Note 40) 北京家樂家樂電子商務有限公司	PRC	Paid up capital —	—	80%	Not yet commence business
Shenyang Guoyi Business Management Co., Ltd.* 瀋陽國益商業管理有限公司	PRC	Paid up capital RMB20,000,000	80%	80%	Property development
Shenyang Guorui Business Management Co., Ltd.* 瀋陽國瑞商業管理有限公司	PRC	Paid up capital RMB50,000,000	80%	80%	Property development
Shenyang Guosheng Business Management Co., Ltd.* 瀋陽國盛商業管理有限公司	PRC	Paid up capital RMB30,000,000	80%	80%	Property development

47. SUBSIDIARIES (continued)

Name of subsidiaries	of incorporation/ establishment	paid share capital/ paid up capital	interest of the Group At December 31, 2016	2015	Principal activities
Shantou Guorui properties* ^	PRC	Paid up capital RMB920,100,000	100%	100%	Property development
Shantou Glory Real Estate Development Co., Ltd.* ("Shantou Glory ") 汕頭市國瑞房地產開發有限公司	PRC	Paid up capital RMB198,000,000	80% (note(b))	—	Property development
Suzhou Glory*	PRC	Paid up capital RMB50,000,000	80% (note(b))	—	Property development
Qidong Yujiangwan*	PRC	Paid up capital RMB50,000,000	80% (note(d))	—	Property development
Yaoji Nantong*	PRC	Paid up capital RMB102,500,000	80% (note(d))	—	Property development
Zhengzhou Guorui Tourism Development Co., Ltd.* 鄭州國瑞旅遊發展有限公司	PRC	Paid up capital RMB1,700,000	80% (note(b))	—	Property development
Shenzhen Dachaoshan*	PRC	Paid up capital RMB172,000,000	75% (note(d))	—	Property development
Guorui Hospital*	PRC	Paid up capital RMB100,000,000	100% (note(d))	—	Hospital operation (under construction)

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

^ These companies are wholly foreign owned enterprises established in the PRC. All other entities established in the PRC are limited liability companies.

47. SUBSIDIARIES (continued)

Notes:

(a) Except Garden Group, none of other subsidiaries had issued any debt securities at the end of each reporting period or at any time during the reporting period.

(b) These subsidiaries were newly established during the year ended December 31, 2016.

(c) Garden Group held 80% equity interest in Original Beijing Glory, which held 55% and 60% equity interest in Foshan Guohua and Chaoan Meilin respectively. Therefore, the Group indirectly held 44% and 48% equity interest in Foshan Guohua and Chaoan Meilin respectively, which are still considered to be subsidiaries of the Group.

(d) These subsidiaries were acquired during the year ended December 31, 2016. Details are set out in note 39.

(e) Other than Glory Real Estate (HK), Well Ample, Well Ample (HK), State Wealth, State Wealth (HK), All Affluent and All Affluent (HK) which are investment holding companies in Hong Kong, all subsidiaries operate in the PRC.

(f) Glory Real Estate (HK), Well Ample, State Wealth and All Affluent are directly held by the Company. Other subsidiaries are indirectly held by the Company.

Majority of these subsidiaries operate in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	**Principal place of business**	**Number of subsidiaries**	
		31/12/2016	31/12//2015
Property development	PRC	**34**	29
Primary land construction and development services	PRC	**1**	1
Rental business	PRC	**4**	4
Property management and related service	PRC	**1**	2
		40	36

47. SUBSIDIARIES (continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit allocated to non-controlling interests RMB'000	Accumulated non-controlling interests RMB'000
At December 31, 2016				
Glory Industrial	PRC	9%	2,735	156,242
Original Beijing Glory (note a)	PRC	20%	98,257	1,137,679
Shenzhen Dachaoshan	PRC	25%	–	239,461
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries)	PRC	20%	213,443	444,109
Non-whollly owned subsidiaries of New Beijing Glory				
– Foshan Guohua	PRC	45%	67,035	97,798
– Individual immaterial subsidiaries with non-controlling interests	PRC		(147)	10,219
Total			381,323	2,085,508
At December 31, 2015				
Glory Industrial	PRC	9%	6,598	153,507
Original Beijing Glory (note a)	PRC	20%	154,970	1,101,422
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries)	PRC	20%	167,901	348,595
Non-whollly owned subsidiaries of New Beijing Glory				
– Foshan Guohua	PRC	45%	(10,157)	30,763
– Individual immaterial subsidiaries with non-controlling interests	PRC		(427)	10,366
Total			318,885	1,644,653

47. SUBSIDIARIES (continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests: (continued)

Notes:

(a) The summarised financial information disclosed below comprised of the financial information of Original Beijing Glory and its wholly owned subsidiaries (the "Original Beijing Glory").

Summarised financial information in respect of Glory Industrial, Original Beijing Glory, Shenzhen Dachaoshan, New Beijing Glory and subsidiaries, Foshan Guohua, is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Glory Industrial

	At December 31,	
	2016 RMB'000	2015 RMB'000
Current assets	**2,603,310**	1,972,719
Non-current assets	**1,145,465**	1,118,710
Current liabilities	**(1,584,443)**	(944,567)
Non-current liabilities	**(428,309)**	(441,229)
Equity attributable to owners of the Company	**1,579,781**	1,552,126
Non-controlling interests of Glory Industrial	**156,242**	153,507

47. SUBSIDIARIES (continued)

Glory Industrial (continued)

	Year ended December 31, 2016 RMB'000	Year ended December 31, 2015 RMB'000
Revenue	**41,966**	37,957
Gain on fair value change of investment properties	**24,500**	89,445
Cost of sales and service and expenses	**(36,076)**	(54,095)
Profit and total comprehensive income for the year	**30,390**	73,307
Profit and total comprehensive income attributable to:		
– the owners of the Company	**27,655**	66,709
– non-controlling interests of Glory Industrial	**2,735**	6,598
	30,390	73,307
Net cash inflow from operating activities	**25,786**	25,265
Net cash outflow from investing activities	**(4,286)**	(944)
Net cash outflow from financing activities	**(72,222)**	(10,421)
Net cash (outflow) inflow from the above activities	**(50,722)**	13,900

Original Beijing Glory

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Current assets	**13,714,835**	8,392,830
Non-current assets	**12,250,132**	11,145,992
Current liabilities	**(10,760,414)**	(6,384,168)
Non-current liabilities	**(9,516,160)**	(7,647,543)
Equity attributable to owners of the Company	**4,550,714**	4,405,689
Non-controlling interest of Original Beijing Glory	**1,137,679**	1,101,422

47. SUBSIDIARIES (continued)

Original Beijing Glory (continued)

	Year ended December 31, 2016 RMB'000	2015 RMB'000
Revenue	457,979	1,595,805
Gain on fair value change of investment properties	615,633	539,643
Cost of sales and expense	(582,329)	(1,360,600)
Profit and total comprehensive income for the year	491,283	774,848
Profit and total comprehensive income attributable to:		
– the owners of the Company	393,026	619,878
– non-controlling interests of Original Beijing Glory	98,257	154,970
	491,283	774,848
Dividend paid to non-controlling interests	62,000	30,000
Net cash outflow from operating activities	(1,828,975)	(1,933,842)
Net cash outflow from investing activities	(317,875)	(296,585)
Net cash inflow from financing activities	1,519,415	2,989,963
Net cash (outflow) inflow from the above activities	(627,435)	759,536

47. SUBSIDIARIES (continued)

Shenzhen Dachaoshan

	At December 31, 2016 RMB'000
Current assets	52,773
Non-current assets	790,451
Current liabilities	(695)
Non-current liabilities	–
Equity attributable to owners of the Company	603,068
Non-controlling interests of Shenzhen Dachaoshan	239,461

	Period from date of acquisition to December 31, 2016 RMB'000
Net cash outflow from operating activities	(32,772)
Net cash outflow from investing activities	(65)
Net cash inflow from financing activities	52,337
Net cash inflow from the above activities	19,500

47. SUBSIDIARIES (continued)

New Beijing Glory and subsidiaries

	At December 31, 2016 RMB'000	At December 31, 2015 RMB'000
Current assets	**21,273,728**	14,614,172
Non-current assets	**2,322,064**	1,892,355
Current liabilities	**(16,947,170)**	(13,461,531)
Non-current liabilities	**(4,320,058)**	(1,260,891)
Equity attributable to owners of the Company	**1,776,438**	1,394,381
Non-controlling interests of New Beijing Glory	**444,109**	348,595
Non-controlling interests of New Beijing Glory's subsidiaries	**108,017**	41,129

47. SUBSIDIARIES (continued)

New Beijing Glory and subsidiaries (continued)

	Year ended December 31, 2016 RMB'000	2015 RMB'000
Revenue	**6,112,638**	4,842,642
Gain on fair value change of investment properties	**84,201**	129,934
Cost of sales and expense	**(5,062,734)**	(4,143,653)
Profit and total comprehensive income for the year	**1,134,105**	828,923
Profit and total comprehensive income attributable to		
– the owners of the Company	**853,774**	671,606
– non-controling interests of New Beijing Glory	**213,443**	167,901
– non-controlling interests of New Beijing Glory's subsidiaries	**66,888**	(10,584)
	1,134,105	828,923
Dividend paid to non-controlling interests of New Beijing Glory	**118,000**	110,000
Net cash (outflow) inflow from operating activities	**(1,794,084)**	143,492
Net cash (outflow) inflow from investing activities	**(1,325,996)**	82,702
Net cash inflow from financing activities	**2,944,867**	389,475
Net cash (outflow) inflow from the above activities	**(175,213)**	615,669

47. SUBSIDIARIES (continued)

Foshan Guohua (non-wholly owned subsidiary of New Beijing Glory)

	At December 31,	
	2016	2015
	RMB'000	RMB'000
Current assets	**2,510,280**	2,074,965
Non-current assets	**3,820**	13,446
Current liabilities	**(2,296,771)**	(2,020,049)
Non-current liabilities	**–**	–
Equity attributable to owners of New Beijing Glory	**119,531**	37,599
Non-controlling interests of Foshan Guohua	**97,798**	30,763

	Year ended December 31,	
	2016	2015
	RMB'000	RMB'000
Revenue	**975,643**	–
Cost of sales and service and expenses	**(826,676)**	(22,570)
Profit (loss) and total comprehensive income (expense) for the year	**148,967**	(22,570)
Profit (loss) and total comprehensive income (expense) attributable to:		
– the owners of New Beijing Glory	**81,932**	(12,413)
– non-controlling interests of Foshan Guohua	**67,035**	(10,157)
	148,967	(22,570)
Net cash inflow from operating activities	**383,425**	99,173
Net cash inflow from investing activities	**291**	213
Net cash (outflow) inflow from financing activities	**(435,632)**	63,685
Net cash (outflow) inflow from the above activities	**(51,916)**	163,071

48. MAJOR NON-CASH TRANSACTIONS

On May 30, 2016, the Group has renegotiated and entered into an agreement with an independent third party, Shenzhen Xiangrui, and agreed to dispose of the 12.5% equity interest in Shenzhen Wanji at a consideration of RMB100,000,000. The consideration was settled through the consideration payable to the Shenzhen Xiangrui of same amount. Further details of the transaction are set out in Note 39.

49. EVENTS AFTER END OF THE REPORTING PERIOD

On March 15, 2017, the Group has completed the proposed issue of Senior Notes ("Notes") of US$300,000,000 principal amount in aggregate. The Notes hold the offering price of 100% of the principal amount and are delivered on March 21, 2017. The Notes bear interest from March 21, 2017 at 7.00% per annum payable semi-annually in arrears on March 21 and September 21 of each year, commencing September 21, 2017. The Notes will mature on March 21, 2020.

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At December 31, 2016 RMB'000	2015 RMB'000
Non-current assets		
Unlisted investments in subsidiaries	268,771	193,001
Amounts due from subsidiaries	1,171,423	1,160,717
	1,440,194	1,353,718
Current assets		
Trade and other receivables, deposits and prepayments	548	270
Cash and bank balances	4,304	2,051
	4,852	2,321
Current liabilities		
Trade and other payables	1,054	114
Bank and other borrowings - due within one year	147,654	—
Amounts due to subsidiaries	351,667	115,865
	500,375	115,979
Net current liabilities	(495,523)	(113,658)
Total assets less current liabilities	944,671	1,240,060
Non-current liabilities		
Bank and other borrowings - due after one year	—	138,216
	—	138,216
Net assets	944,671	1,101,844
Capital and reserves		
Share capital	3,513	3,511
Reserves	941,158	1,098,333
Total equity	944,671	1,101,844

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium RMB'000	Capital reserve RMB'000	Equity-settled share-based payment reserve RMB'000	Treasury shares reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2015	1,239,244	56,242	24,306	(56,242)	(53,127)	1,210,423
Profit and total comprehensive income for the year	—	—	—	—	39,875	39,875
Dividend declared to the shareholder of the Company	(209,914)	—	—	—	—	(209,914)
Recognition of equity-settled share-based payments	—	—	55,379	—	—	55,379
Exercise of share options	4,140	—	(1,570)	—	—	2,570
Shares vested under share award scheme	—	—	(18,747)	18,747	—	—
At December 31, 2015	1,033,470	56,242	59,368	(37,495)	(13,252)	1,098,333
Loss and total comprehensive income for the year	—	—	—	—	25,450	25,450
Dividend declared to the shareholder of the Company	(206,000)	—	—	—	—	(206,000)
Recognition of equity-settled share-based payments	—	—	19,453	—	—	19,453
Exercise of share options	6,211	—	(2,289)	—	—	3,922
Shares vested under share award scheme	—	—	(18,747)	18,747	—	—
At December 31, 2016	833,681	56,242	57,785	(18,748)	12,198	941,158

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended December 31, (RMB million)				
	2016	2015	2014	2013	2012
Revenue	**8,035**	6,514	5,279	6,835	4,276
Gross profit	**3,118**	2,679	2,405	3,705	1,576
Profit before tax	**3,230**	2,700	2,059	3,856	2,034
Profit for the year attributable to	**1,956**	1,583	1,206	2,770	1,273
– attributable to owners of the Company	**1,563**	1,261	951	2,234	1,030
– attributable to non-controlling interests	**393**	322	255	536	243
Earnings per share attributable to ordinary equity holders of the Company, in Renminbi cents:					
– Basic	**35.38**	28.62	23.42	59.57	—
– Diluted	**35.04**	28.28	23.34	59.57	—

	At December 31, (RMB million)				
	2016	2015	2014	2013	2012
Total assets	**44,718**	35,227	29,013	22,467	18,793
– Non-current assets	**18,545**	15,669	13,273	8,199	7,413
– Current assets	**26,173**	19,558	15,740	14,268	11,380
Total Liabilities	**32,907**	25,299	20,478	16,371	13,107
– Non-current liabilities	**19,200**	13,525	8,383	7,919	4,823
– Current liabilities	**13,707**	11,774	12,094	8,452	8,284
Total equity	**11,811**	9,928	8,536	6,096	5,686
– equity attributable to equity owners of the Company	**9,484**	8,119	7,016	4,788	4,899
– equity attributable to non-controlling interests	**2,327**	1,809	1,520	1,308	787

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GUORUI PROPERTIES LIMITED

國瑞置業有限公司