中国金茂
CHINA JINMAO
中化集团成员企业

CHINA JINMAO HOLDINGS GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 00817

ANNUAL REPORT 2016

UNLEASHING FUTURE VITALITY OF THE CITY

Contents

Company Overview

China Jinmao Holdings Group Limited ("China Jinmao" or the "Company") is a platform enterprise under the real estate and hotel segments of Sinochem Group, one of the world's top 500 enterprises (ranking among Fortune Global 500 List in 2016). On 17 August 2007, China Jinmao was listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock Code: HK.00817). It is now one of the component stocks of the Hong Kong Hang Seng Composite Index. Sinochem Group is one of the state-owned enterprise that is approved by the State-owned Assets Supervision and Administration Commission to engage in property development and hotel operations as principal businesses.

In adherence to its mission of "Unleashing Future Vitality of the City", China Jinmao fully capitalises on its strengths of integrated property development and operations with focus on city operations in shaping a new city core through planning to drive city upgrade and capital investment to drive industry upgrade. Upholding the "fast run, dare to think and swift move" (快跑、敢想、敏行) development philosophy and the "two-wheel and two-wing driven" (雙輪兩翼) development strategy, China Jinmao endeavours to expand its international horizon and consolidate its core business development foundation while accelerating its finance and service innovation. China Jinmao strives to become the industry benchmark of "appropriate scale, high efficiency, leading quality and outstanding services" (規模適度、效益優良、品質領先、服務突出) in five years.

Capitalising on the synergies and integration strengths between the segments, China Jinmao has created a series of high-end products featuring "Jinmao" brand. The "green gold label" standard of its "green technology and Jinmao quality" has become a unique quality gene and inherent brand feature of "Jinmao" series products and redefined high-end quality in the industry. Currently, China Jinmao has successfully entered five major regions namely North China, East China, South China, Central China and Southwest China, and over 20 core cities.

ADHERING TO THE STRATEGIC POSITIONING OF "CITY OPERATOR"

China Jinmao fully utilises its strengths of integrated property development and operations in shaping a new city core through planning and capital investment.

Planning-driven as traction

Make use of the experience in planning guidance and resource integration to promote city upgrade during city planning.

Capital-driven as cornerstone

Capitalise on the strengths of fund and resource allocation to drive industry upgrade through strong integrated property development and high-quality customer service.

PROMOTING THE "TWO-WHEEL AND TWO-WING DRIVEN" STRATEGIC UPGRADE

Based on the leading quality as the core strategy, China Jinmao endeavours to reinforce the foundation of the two businesses of development and holding by optimising business mix and enhancing operating efficiency. Specialising in asset activation and building a private equity platform to promote finance innovation, China Jinmao makes use of finance innovation to push ahead business expansion. Focusing on green building service and multi-dimensional customer service, China Jinmao accelerates service innovation and makes use of it to shape development features with a view to achieving the "two-wheel and two-wing driven" strategic upgrade.

CITY AND PROPERTY DEVELOPMENT

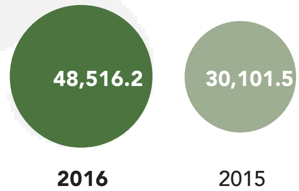
Strong Performance

Property development projects and primary land development projects with a total gross floor area of approximately 16.30 million square metres and approximately 19.52 million square metres respectively

During the year, sales results of the projects were good and land reserves were expanded with the successful acquisitions in Shanghai, Shenzhen, Nanjing, Qingdao, Ningbo, Hefei, Wuhan, Zhengzhou and Wuxi

CONTRACTED SALES AMOUNT

(RMB million)



+61%

COMMERCIAL LEASING AND RETAIL OPERATIONS

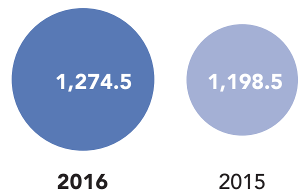
Stable Income

Six high-end core investment properties with a total gross floor area of over 550,000 square metres

High rental level and high occupancy rate of investment properties, outperforming its peers

RENTAL REVENUE

(RMB million)



+6%

HOTEL OPERATIONS

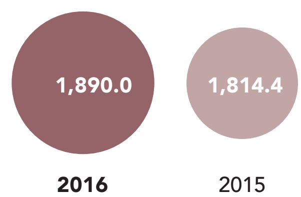
Industry Leader

Nine luxury hotels offering 3,671 guest rooms

Remarkable performance of hotel operations, outperforming its peers

HOTEL REVENUE

(RMB million)



+4%

Major Events

JANUARY 2016

- The Company acquired the second batch of four land parcels for Qingdao China-Europe International City Project.

FEBRUARY 2016

- The Company successfully issued US$500 million subordinated guaranteed perpetual capital securities.
- The Company acquired the land parcel for Ningbo Yaofeng Project.

MARCH 2016

- The Company acquired the land parcel of Tianjin Thermal Power Plant Project.
- Beijing Jinmao Green Building Technology Co., Ltd. was formally established.

MAY 2016

- The Company joined hands with the consortium of Power China Real Estate Group Ltd. to acquire two land parcels no. 20-7 and no. 20-8 in Pingliang Avenue, Southern Hexi, Nanjing.

JUNE 2016

- The Company acquired the land parcel in Shangtang, Longhua New District, Shenzhen.
- The Company acquired the land parcel of Hangzhou Gongshu District Qinglong Unit.
- The Company successfully completed the issuance of domestic renewable corporate bonds of RMB2,000 million via its subsidiary.

Major Events

AUGUST 2016

- JW Marriott Hotel Shenzhen successfully received the "3rd Meeting of 2016 APEC Business Advisory Council".
- The Company acquired the land parcel no.14 in Dragon Lake, Zhengdong New Area, Zhengzhou.
- The Company successfully issued the first batch of domestic commercial mortgage-backed securities ("CMBS", Go High CMB - Jinmao Chemsunny asset-backed special project) in China with an issue size of approximately RMB4,000 million.

SEPTEMBER 2016

- The Company acquired the land parcel no. XDG-2016-8 in Binhu District, Wuxi.

NOVEMBER 2016

- The contract signing between China Jinmao and Macquarie Capital in relation to JM Capital cooperation was held.

2017

- The Company successfully issued US$500 million subordinated guaranteed perpetual capital securities.
- The Company successfully acquired the land parcel no. G97 Southern Hexi Yuzui, Nanjing.
- The Company successfully acquired two land parcels Sudi no. 2016-WG-81 and no. 2016-WG-82 in Suzhou New and Hi-Tech Zone.
- The Company successfully issued US$500 million guaranteed senior notes.

Corporate Information

COMPANY NAME
China Jinmao Holdings Group Limited

PRINCIPAL OFFICE
Rooms 4702-4703
47th Floor, Office Tower, Convention Plaza
No. 1 Harbour Road
Wan Chai, Hong Kong

NON-EXECUTIVE DIRECTORS
Mr. NING Gaoning (Chairman)
Mr. YANG Lin
Mr. CUI Yan
Mr. AN Hongjun

EXECUTIVE DIRECTORS
Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. LAU Hon Chuen, Ambrose, G.B.S., J.P.
Mr. SU Xijia
Mr. GAO Shibin

CHIEF FINANCIAL OFFICER
Mr. JIANG Nan

QUALIFIED ACCOUNTANT
Mr. LIAO Chi Chiun

COMPANY SECRETARY
Mr. LIAO Chi Chiun

AUTHORISED REPRESENTATIVES
Mr. LI Congrui
Mr. JIANG Nan

LEGAL ADVISORS
Latham & Watkins
18/F, One Exchange Square
8 Connaught Place
Central
Hong Kong

Tian Yuan Law Firm
10/F, CPIC PLAZA
28 Fengsheng Lane, Xicheng District
Beijing, People's Republic of China

AUDITORS
Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue, Central, Hong Kong

STOCK CODE
00817

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

INVESTOR ENQUIRY
Tel: 852-28299518
Fax: 852-28240300
Email: chinajinmao_IR@sinochem.com

WEBSITE
www.chinajinmao.cn

Financial Highlights

	2016 (RMB million)	2015 (RMB million)	Percentage change (%)
Revenue	**27,304.1**	17,770.7	54
Gross profit	**10,204.8**	6,871.2	49
Profit attributable to owners of the parent – less: fair value gains on investment properties (net of deferred tax)	**2,069.1**	2,310.1	-10
Add: fair value gains on investment properties (net of deferred tax)	**466.4**	735.4	-37
Profit attributable to owners of the parent	**2,535.5**	3,045.5	-17
Total assets	**166,904.1**	133,126.4	25
Equity attributable to owners of the parent	**31,626.3**	33,547.9	-6
Basic earnings per share (RMB cents)	**23.76**	30.64	-22
Basic earnings per share - less fair value gains on investment properties (net of deferred tax) (RMB cents)	**19.39**	23.24	-17
Dividend (HK cents) – final dividend per ordinary share	**9.0**	8.0	13
Net debt-to-adjusted capital ratio (%)	**46**	51	N/A

Note: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances – certain other financial assets included in current assets/(total equity + amount due to the immediate holding company).

Chairman's Statement

In the coming five years, by adhering to the "fast run, dare to think and swift move" philosophy, the Company will insist on customer-oriented strategy, strengthen the quality foundation, promote market benchmarking in great depth, accelerate reforms and innovation, and adopt the city operation as core business model, so as to accelerate the "two-wheel and two-wing driven" strategic upgrade towards the goal of becoming the industry landmark and leader displaying the features of "appropriate scale, high efficiency, leading quality and outstanding services" and maximising value for shareholders.

NING Gaoning
Chairman

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board") of China Jinmao Holdings Group Limited ("China Jinmao" or the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group", "we" or "us") for the year ended 31 December 2016 (the "Period under Review", "Reporting Period", "2016" or the "Year").

MAINTAINING STEADY GROWTH OF OPERATING RESULTS

The year 2016 marks the beginning of the 13th Five-Year Plan, and is also the critical year for the implementation of supply-side structural reform by the central government. The overall Chinese economy was stable and moving in a positive direction. As a result of the measures adopted by different cities to reduce real estate inventory, the property market was generally good. However, the measures gradually tightened in some key cities at the end of the Year. Faced with such complicated and ever-changing environment, China Jinmao seized the market opportunities and the operating results and profitability grew steadily. During the Year, the revenue from operations amounted to RMB27,304.1 million, representing a year-on-year growth of 54%; and the profit before tax amounted to RMB8,290.8 million, representing a year-on-year growth of 29%. During the Reporting Period, the profit attributable to owners of the parent amounted to RMB2,535.5 million, representing a year-on-year decrease of 17%; and the profit attributable to owners of the parent less fair value gains on investment properties (net of deferred tax) amounted to RMB2,069.1 million, representing a year-on-year decrease of 10%.

CONSTANTLY CONSOLIDATING THE IMAGE OF CITY OPERATOR

While striving for results growth, China Jinmao continued to deepen the content of city operations and adhered to the planning-driven and capital-driven strategy to push ahead city upgrade and industry upgrade in an effort to shape a new city core together with the central government. In 2016, the first city complex, Jinmao Plaza in Changsha Meixi Lake International New City was officially launched. The interaction of high-end hotel and retail space with the surrounding residence and transportation network have ushered growth of city consumption and speedy upgrade of regional functions. Qingdao China-Europe International City accelerated the development of ancillary facilities and successfully organised the first China Qingdao·Jinmao Industrial Development Summit. The functions of the regional industry were increasingly improved. Nanjing Qinglong Mountain International Ecological New City vigorously introduced education resources and focused on the development of municipal road network and new district exhibition hall, which enhanced the vitality within the city in an orderly manner and strengthened the integration between the industry players and the city. By implementing seven city operating projects, the Company drove the substantial increase in land value within the region and facilitated the harmonious development between the local economy and the community. Thus, the image of China Jinmao as a city operator was further consolidated.

REINFORCING CORE BUSINESS STRENGTHS

Adhering to the core strategic positioning of city operator, the Company's principal business of development and holding grew rapidly. As for development business, riding on the favourable opportunities arising from market recovery, the Company insisted on the work principle of "stock clearance, quick return of proceeds and marching forward" and made significant breakthrough in sales performance. Throughout 2016, contracted sales amount was approximately RMB48,500.0 million, representing a significant increase of 61% on a year-on-year basis, ranking 24th among the industry peers. At the same time, the Company continued to adopt an active and sound investment strategy to accelerate land resource expansion. The Company successfully entered cities such as Tianjin, Shenzhen, Hefei, Zhengzhou, Wuhan and Wuxi and completed the business layout in the first-tier and major second-tier cities. In addition to rapid expansion of business scale, the operating efficiency of the Company continued to increase and the lead time from new land requisition to commencement of sales was significantly shortened. In particular, Qingdao China-Europe International City commenced sales for land parcel A2 in six months from land requisition, which was in line with the industry benchmark. Meanwhile, the Company consistently maintained high value creation capabilities. The average gross profit margin of projects developed was 34%, maintaining an industry leading position. As for **hotel business**, the Company actively coped with the sector doldrums and endeavoured to enhance the operational capabilities of the listing platform of Jinmao Hotel so as to distinguish itself from competitors under the same conditions. In 2016, revenue from the hotel segment recorded a year-on-year increase of 4%, among which, the average revenue per available room of some hotels increased significantly over that in the previous year. The scale of hotel operations continued to grow. Lijiang Jinmao Richmond Town Boutique Inn, which is self-developed and managed by the Company, commenced operation. As a result, the recognition and market image of Jinmao Hotel were further strengthened. As for **retail operations**, with growing influence of e-commerce, the Company seized the opportunities arising from the transformation and upgrade of the commercial property sector. Upholding the growth strategy of "both light+heavy and venture cooperation+innovation", the Company endeavoured to develop the "Mall of Splendor" brand under the retail segment to better cater to consumption, entertainment and experience demand upgrade. Other retail projects under construction progressed in an orderly manner. Jinmao retail brand was gaining influence. As for **commercial leasing**, demand for commercial office premises grew steadily driven by the prosperity in the technological and financial sectors, etc. In 2016, the operating quality and occupancy rate of Grade A offices in core regions of cities such as Beijing, Shanghai, Nanjing and Changsha continued to top market rankings where the performance targets such as overall revenue and profit set at the beginning of the Year were exceeded.

ACCELERATING THE INNOVATION OF TWO-WING DRIVEN BUSINESS

In response to the central government's strategy and industry development trends, China Jinmao endeavoured to push ahead the innovation of the two-wing driven business. Adhering to the cutting-edge development concepts of "innovation and greening", in 2016, Beijing Jinmao Green Building Technology Co., Ltd. was officially established to specialise in green technology R&D, green technology consulting and service, thus extending the scope of business from the use of green technology to the provision of green building whole-life cycle operations and consulting service, and recorded profit in the year of establishment. Looking ahead, the Company will continue to make use of the innovative growth driver of green building business so as to increase its core competitiveness. In view of the growing financing feature in the property market, in 2016, China Jinmao and Macquarie Capital entered into a cooperation agreement to set up JM capital fund management platform to facilitate the development of its core property business. The Company successfully completed the issuance of the first domestic property renewable bonds, offshore subordinated perpetual capital securities and other hybrid equity instruments, which effectively improved the capital structure of the Company. At the same time, the Company also looked into and completed the issuance of the first domestic commercial mortgage-backed securities ("CMBS") – Jinmao Chemsunny CMBS, setting the record of the lowest interest rate for domestic securitisation products. The Company made use of financial instruments and model innovation to revitalise the assets of the Company.

CONSISTENTLY SOLIDIFYING LEADING QUALITY FEATURES

Adhering to the vision of a quality property leader, the Company upholds the quality positioning that features "exquisite quality, green health and smart technology" to enhance the quality of products and customer services. In 2016, the Company actively organised the "quality enhancement year" events and the average quality measurements of projects met the industry benchmark. The Company kicked off the "casting sword campaign" and strengthened the quality of customer service of frontline employees. Overall customer satisfaction increased by 11% on a year-on-year basis. In the meantime, while implementing the green strategy, the Company actively developed green technology-based projects as a soft power of its products. Accumulatively speaking, the Company was granted 80 green building labels for its projects, accounting for more than 90% of the total number of development projects implemented according to green building standards. In 2016, the Company was named as one of the top 10 most competitive green building developers in China.

FULFILLING CORPORATE SOCIAL RESPONSIBILITIES

In addition to speedy business development, the Company also attaches great importance to and actively performs its social responsibilities as a listed company. The Company has set up two regional charity foundations in Hong Kong and Changsha featuring areas of education, medical and environmental protection. While engaging in charitable and public welfare events, the Company has gradually developed a charity project brand with great social influence. At the same time, the Company actively pushed ahead the "Southwest Charity Walk" and provided targeted assistance to the students in the deprived mountain regions of Guizhou, Chongqing and Yunnan, etc. by building "China Jinmao Mobile Library", book donation and provision of school and living supplies. In 2016, the Company continued to fulfil its corporate social responsibilities by taking active efforts in the development and construction of affordable housing. Its total investment in affordable housing amounted to approximately RMB187.93 million and the areas completed throughout the Year were approximately 77,000 square metres.

Looking into the future, due to the effect of policy control, market volatilities will intensify in the near term. Sales volume may decline with sluggish price or both price and sales volume slump may appear in some cities, alongside with fiercer competition in the property market. However, driven by the new-type urbanisation strategy, urbanisation potential in China remains enormous. As demand for home ownership continues to be released, coupled with healthy industry inventory level and relatively stable financial and credit environment, the property sector remains in the cycle of development opportunities. In 2017, the Company will actively cope with the risks associated with market correction and seek support from shareholders to maintain sustainable and healthy business development of the Company. In the coming five years, by adhering to the "fast run, dare to think and swift move" philosophy, the Company will insist on customer-oriented strategy, strengthen the quality foundation, promote market benchmarking in great depth, accelerate reforms and innovation, and adopt the city operation as core business model, so as to accelerate the "two-wheel and two-wing driven" strategic upgrade towards the goal of becoming the industry landmark and leader displaying the features of "appropriate scale, high efficiency, leading quality and outstanding services" and maximising value for shareholders.

Forging ahead with firm confidence ensures the long-term and steady growth of business. Bearing in mind the mission, the Board and management of the Company will make concerted efforts to further consolidate the groundwork, refine projects, introduce new mechanisms and regulate management with a view to delivering better results for shareholders, employees and the community. On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to our shareholders for their support in the course of our reform and development, to various sectors of the community for their assistance provided to the Company in the course of our growth, and to all the employees who have been through the ups and downs with the Company.

NING Gaoning
Chairman

Hong Kong
28 March 2017

Honours and Awards

MAJOR INTEGRATED AWARDS

- In May 2016, the Company was named among the "2016 Top 10 Hong Kong Listed China Real Estate Developers in Overall Performance" (2016中國大陸在港上市房地產公司綜合實力TOP10), "2016 Top 10 Hong Kong Listed China Real Estate Developers in Wealth Creation" (2016中國大陸在港上市房地產公司財富創造能力TOP10) and "2016 Top 10 Hong Kong Listed China Real Estate Developers in Investment Value" (2016中國大陸在港上市房地產公司投資價值TOP10).

- In June 2016, the Company was ranked among the "13th China Blue Chip Real Estate Developers for 2016" (2016年度第十三屆中國藍籌地產) at the "13th China Blue Chip Real Estate Developer Annual Conference" organised by Economic Observer.

- In July 2016, China Jinmao was ranked among the top 10 H-share listed property developers in the Overall Strength Index of Listed Property Developer 2016 (2016上市房企綜合實力排行榜) released by China Business News.

- In August 2016, China Jinmao earned the title of "China Real Estate Fashion Award – Real Estate Developer of Strong Sense of Social Responsibility of 2016" (中國地產風尚大獎·2016中國最具社會責任房地產企業) at the 2016 Boao Real Estate Forum.

- In November 2016, China Jinmao was honoured with "Corporate Social Responsibility Award" (企業社會責任擔當獎) at the 2016 China Corporate Social Responsibility Summit (2016年中國企業社會責任高峰論壇) organised by China Business Journal.

- In December 2016, China Jinmao was named the "Innovative Green Property Developer" (綠色創新房企) at the 8th China Real Estate Seminar and 2016 China Real Estate Annual Awards Presentation Ceremony (第八屆地產中國論壇暨2016中國房地產年度紅榜頒獎典禮) organised by house.china.com.cn of China Internet Information Center.

MAJOR CITY AND PROPERTY DEVELOPMENT AWARDS

- In January 2016, Beijing Yizhuang Jinmao Residence earned the "High-end Market Leader Award" (高端市場領軍大獎) by Beijing's Mirror Evening News.

- In March 2016, Guangzhou Nansha Jinmao Harbour Project was named the "315 Quality Property Project" (315品質樓盤).

- In July 2016, Shanghai Daning Jinmao Palace was titled the "2016 Science and Technology Programme Precast Concrete Structure Model Project" (2016科學技術計劃裝配式混凝土結構類示範專案) by the Ministry of Housing and Urban-Rural Development.

- In October 2016, Changsha Meixi Lake International New City Project was granted the "Global Human Settlements Award on Planning and Design" (全球人居環境規劃設計獎).

- In December 2016, Beijing Yizhuang Jinmao Residence was titled the "Smart Green Model Project" (智慧綠色示範項目) at the (First) Community Security and Harmony Forum of China cum Inauguration of Community Security Alliance of China for 2016 (2016(首屆)中國平安社區建設發展論壇暨中國平安社區聯盟成立大會).

- In December 2016, Ningbo Jiangdong Jinmao Palace was named the "Top 100 Value Property Projects in China for 2016-2017" (2016-2017中國TOP100價值樓盤) by China Index Research Institute.

- In December 2016, Hangzhou Binjiang Jinmao Palace was granted the "Star Property Project of 2016" (2016年明星樓盤) award by www.focus.cn.

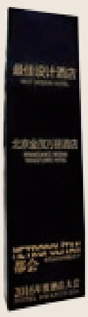
MAJOR HOTEL AWARDS

China Jin Mao (Group) Company Limited

- In April 2016, China Jin Mao (Group) Company Limited was titled the "Best Hotel Owner in China" (中國酒店業最佳業主) by the panel committee of China Hotel Starlight Awards.

- In September 2016, China Jin Mao (Group) Company Limited was titled the "2016 Best Hotel Owner in China" (2016年度中國最佳酒店業主) at the Golden Pillow Award of China Hotels.

Hotel Awards



- In January 2016, The Westin Beijing Chaoyang received the "Excellent City Hotel" (優選城市酒店) award at the 10th China Travel Golden Chart for 2015 (2015第十屆中國旅遊金榜).

- In February 2016, JW Marriott Hotel Shenzhen was honoured the "Best Business Hotel" (最佳商務會議酒店) award by Economic Weekly.

- In March 2016, Westin Nanjing was granted the "Best Word of Mouth Business Hotel Award" (最具口碑商務酒店獎) at the hotel catering golden bow award presentation ceremony by MAP magazine.

- In May 2016, Renaissance Beijing Wangfujing Hotel was granted the "Best Design Hotel" (最佳設計店) award in the China Hotel Awards 2016 organised by Metropolitan Magazine.

- In May 2016, Hilton Sanya Yalong Bay Resort & Spa was granted the "Most Popular Hotel" (最佳人氣酒店) award in the China Hotel Awards 2016 organised by Metropolitan Magazine.

- In July 2016, The Ritz-Carlton Sanya Yalong Bay won the "Best Resort Hotel of 2015" award by The Globe and Mail.

- In July 2016, Westin Nanjing won the "Excellence Award of 2016" (2016年度卓越獎) by TripAdvisor.

- In September 2016, Grand Hyatt Shanghai was titled the "Top 10 Most Popular Business Hotels in China for 2016" (2016年度中國十大最受歡迎商務酒) at the Golden Pillow Award of China Hotels.

- In November 2016, Grand Hyatt Lijiang won the "Most Innovative Business and Resort Hotel in China for 2016" (2016中國最具創新力會議度假酒店) award by Meetings China Industry Convention ("CMIC").

OFFICE AND OTHER PROJECT AWARDS

- In May 2016, Jin Mao Tower was granted "China Tall Building Legacy Award" (中國高層建築成就獎) by CITAB-CTBUH.

- In June 2016, Sinochem Jin Mao Property Management (Beijing) Co., Ltd. was named the "China Top 100 Enterprises in Property Service for 2016" (2016中國物業服務百強企業) in the Research Report on 2016 China Top 100 Enterprises in Property Service released by China Property Management Institute.

- In November 2016, The Mall of Splendor won the "China Business Property Model Brand for 2016" (2016年度中國商業地產典範品牌) award at the "China Top 100 Business Properties cum Business Performance Awards".

- In December 2016, Sinochem Jin Mao Property Management (Beijing) Co., Ltd. was named the "Blue Chip Winning Enterprise" (藍籌榜獲獎企業) at the Chinese Blue Chips Real Estate Annual Conference for 2016 organised by The Economic Observer.

Management Discussion and Analysis

General Overview

In 2016, facing the complicated global environment and the onerous mission to stabilise reform development in China, various government departments generally took a steady progress approach. Adhering to the new development principle, it focused its efforts on the supply-side structural reform and expanded overall demand in a moderately manner. China's economy grew slowly and positively, which was a good start to the 13th Five-Year Plan.

With respect to the property market, according to the figures published by the National Bureau of Statistics, in 2016, contracted sales of commodity properties in China amounted to RMB11.8 trillion, representing an increase of 35% compared with that in the same period of last year; area sold was 1,570 million square metres, representing an increase of 22.5% compared with that in the same period of last year. In 2016, the residential market in first-tier cities and key second-tier cities saw growth in both price and sales volume with the rate of growth varying from city to city. However, following the promulgation of austerity policies and tightening of credit policies in the fourth quarter, market growth momentum saw a slowdown and potential growth in property price is limited. Overall, the property market continued to indicate a structural divergence with industry leaders further dominating the market share. Retail and office building market was generally stable. The overall market of office premises in first-tier cities was good. The fundamentals driving the healthy development of the hotel market were increasingly stronger and the growing supply allowed the star-rated hotels in various regions to sustain their operating strategy of looking for volume instead of price. The average room rate remained low and faced fierce competition. In the first-tier cities such as Beijing, Shanghai and Shenzhen, the high-end hotel market performance slightly picked up over that in the previous year, which revealed steady growth in market demand.

In 2016, both the scale of operations and sales results of the Company grew significantly and each of the business segments showed prominent performance: With respect to city and property development, throughout the Year, a number of projects successfully commenced sales. Sales performance was satisfactory with total contracted sales amount of approximately RMB48,500.0 million. In addition, as at 28 February 2017, the Group's contracted sales of properties and land yet to be delivered and settled amounted to approximately RMB54,100 million (as at 28 February 2016, contracted sales yet to be delivered and settled amounted to approximately RMB28,400 million), among which, properties and land that meet the conditions of completion and delivery of approximately RMB38,000 million will be delivered and settled in 2017. In particular, Ningbo Jiangdong Jinmao Palace Project commenced sales for the first time in July 2016, sales performance of which was remarkable with sales amount of RMB1,010 million. Qingdao China-Europe International City remained a hot commodity where the units were launched twelve times and sold out at each time, outperforming its peers in Qingdao High-Tech Zone. In August 2016, Zhujiang Jinmao Palace, a product under the Palace series of the Company in Guangzhou, achieved remarkable sales exceeding RMB1,000 million. In November 2016, Ningbo Haishu Jinmao Residence commenced sales for the first time and recorded a sales amount of approximately RMB450 million. This has successfully extended China Jinmao's popularity in Ningbo. In 2016, Beijing Fengtai Jinmao Plaza Project obtained the "LEED-CS gold pre-certification". In October 2016, Changsha Meixi Lake International New City won the "Global Human Settlement Award on Planning and Design" at the 11th Global Forum on Human Settlements, being the only PRC project receiving such an honour. As for commercial leasing, rental level and occupancy rate of Grade A office premises in high-end business districts namely Beijing Financial Street, Beijing CBD and Shanghai Pudong Lujiazui and Nanjing Gulou District. Rental level of the Company's two office premises in Beijing and the office premises in Shanghai, Jinmao Tower continued to rise and maintain steady and excellent results contribution. As for retail operations, in July 2016, Nansha J•LIFE situated inside Guangzhou Nansha Jinmao Harbour Project had its grand opening. To strengthen the integration and interaction between its commercial segment and other segments, Chongqing Daping Jinmao Residence established the first property fund in China to invest in community business. As for hotel operations, China Jin Mao (Group) Company Limited was titled the "Best Hotel Owner in China" (中國酒店業最佳業主) at the 12th China Hotel Starlight Awards. The hotels of the Company actively sought market opportunities and took flexible marketing strategies to optimise customer mix and enhance the quality of service, which enabled it to maintain a leading position among its competitors within the region. After more than one year's operation, Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang which were opened in 2014 further increased in revenue per available room in 2016; whereas other established hotels continued to maintain a market leading position. As for finance and services, in 2016, the Company made concerted efforts to expand business through finance innovation and to shape development features through service innovation in an effort to drive the "two-wheel and two-wing driven" strategic upgrade. In March 2016, Beijing Jinmao Green Building Technology Co., Ltd. was incorporated, marking a step forward in whole-life cycle green building operations and consultancy. In November 2016, "JM Capital", a private equity platform jointly established by the Company and Macquarie Capital, was duly established and became the financial service platform of China Jinmao officially.

In 2016, the Company continued its efforts in the land market and capital market, and performed remarkably. With respect to land acquisition, the Group won a number of bids for quality land parcels in Shanghai, Shenzhen, Nanjing, Qingdao, Ningbo, Hefei, Wuhan, Zhengzhou and Wuxi to replenish its land bank. With respect to capital funding, the Group took active efforts to accelerate innovation. In August 2016, it successfully issued the first batch of commercial mortgage-backed securities ("CMBS") in China with an issue size of approximately RMB4,000 million. In addition, the Company successfully completed the issue of US$500 million offshore subordinated perpetual capital securities in February 2016; successfully completed the issue of RMB2,000 million domestic renewable corporate bonds via its subsidiary in June 2016; and successfully registered with the National Association of Financial Market Institutional Investors in December 2016 for the issuance of unsecured medium-term notes in a total amount of RMB16,000 million.

Looking forward, the property sector will remain in the cycle of development opportunities. China Jinmao will, by adhering to the strategic positioning of city operator, actively cope with the correction risks associated with recent market austerities, while focusing on areas such as customers, quality, target markets and innovation reforms to accelerate the "two-wheel and two-wing driven" strategic upgrade with a view to generating better results.

Lijiang Snow Mountain Jinmao Noble Manor
Lijiang Jinmao Whisper of Jade Dragon
Lijiang J•LIFE
Grand Hyatt Lijiang
Changsha Meixi Lake International New City
Changsha Yuelu Jinmao Meixi Lake
Changsha Meixi Lake Jinmao Residence
Changsha Meixi Lake International R&D Centre
Changsha Meixi Lake Jinmao Plaza
Changsha Meixi Lake Jinmao Harbour
Changsha Meixi Lake Land Parcel F13 Project
Chongqing Daping Jinmao Residence
Chongqing Panlong Jinmao Residence
Chongqing Jinmao International Ecological New City
Zhengzhou Zhengdong New Area Beilonghu Land Parcel No.14
Wuhan Donghu Jinmao Palace
Hefei Beiyanhu Jinmao Harbour
Tianjin Thermal Power Plant Project
Beijing Chemsunny World Trade Centre
Sinochem Tower
Renaissance Beijing Wangfujing Hotel
The Westin Beijing Chaoyang
Beijing Guangqu Jinmao Palace
Beijing Wangjing Jinmao Palace
Beijing Ya'ao Jinmao Residence
Beijing Yizhuang Jinmao Residence
Beijing Yizhuang Jinmao Noble Manor
Beijing Jinmao Palace
Beijing Fengtai Jinmao Plaza
Qingdao China-Europe International City
Qingdao Shinan Jinmao Harbour
Nanjing Qinglong Mountain International Ecological New City
Nanjing Dongcheng Jinmao Residence
Nanjing Xuanwu Lake Jinmao Plaza
Westin Nanjing
Nanjing Hexi Jinmao Palace
Nanjing Southern Hexi Yuzui Land Parcel No. G97
Jinmao Tower
Grand Hyatt Shanghai
Hyatt Regency Chongming
Shanghai Port International Cruise Terminal
Shanghai International Shipping Service Center
Shanghai Star Harbour International Center
Shanghai Dongtan Jinmao Noble Manor
Shanghai Daning Jinmao Palace
Shanghai Jiading New City Land Parcel No. E27-1
Shanghai Hongkou Liangcheng, New Village Land Parcel No. 073-06
Shanghai Hongkou District Tilanqiao Land Parcel No. HK322-01
Suzhou New and High-Tech Zone Land Parcel No. 81
Suzhou New and High-Tech Zone Land Parcel No. 82
Suzhou Gusu Jinmao Palace
Hangzhou Huanglong Jinmao Residence
Shoukai Hangzhou Jinmao Palace
Hangzhou Binjiang Jinmao Palace
Ningbo Nantang Jinmao Palace
Ningbo Jiangdong Jinmao Palace
Ningbo Haishu Jinmao Residence
Ningbo Yaojiang New District Kickoff Area Phase I Land Parcel No. 4
Wuxi Binhu Land Parcel No. XDG-2016-8
JW Marriott Hotel Shenzhen
Land parcel in Shangtang, Longhua New District, Shenzhen
Guangzhou Nansha Jinmao Harbour
Guangzhou Zhujiang Jinmao Palace
Cinda & Jinmao – Tianhe Jinmao Plaza
Zhuhai Every Garden
Foshan Jinmao Green Island Lake Land Project
Hilton Sanya Yalong Bay Resort & Spa
The Ritz-Carlton Sanya Yalong Bay
Beijing
Tianjin
Qingdao
Zhengzhou
Hefei
Nanjing
Suzhou
Shanghai
Wuxi
Chongqing
Wuhan
Hangzhou
Ningbo
Changsha
Lijiang
Guangzhou
Foshan
Shenzhen
Zhuhai
Sanya
City and Property Development
Commercial Leasing and Retail Operations
Hotel Operations

GENERAL INFORMATION BY SEGMENTS

Business segments	Gross floor area (square metres)	Number of guest rooms
Commercial leasing and retail operations	**552,950**	N/A
Hotel operations	**574,993**	3,671
City and property development	**35,825,416**	N/A
Total	**36,953,359**	3,671

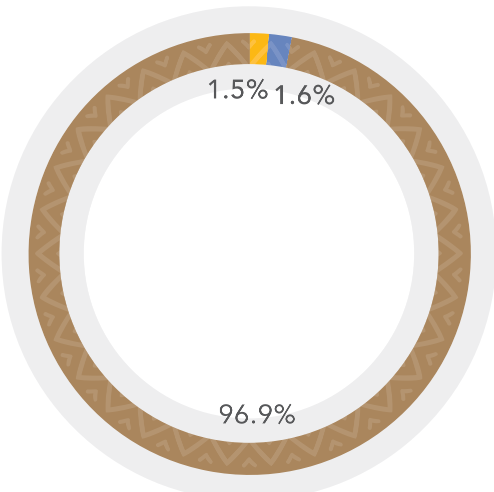


Diagram 1: Segment overview (Gross floor area: square metres)

- Commercial leasing and retail operations 552,950
- Hotel operations 574,993
- City and property development 35,825,416

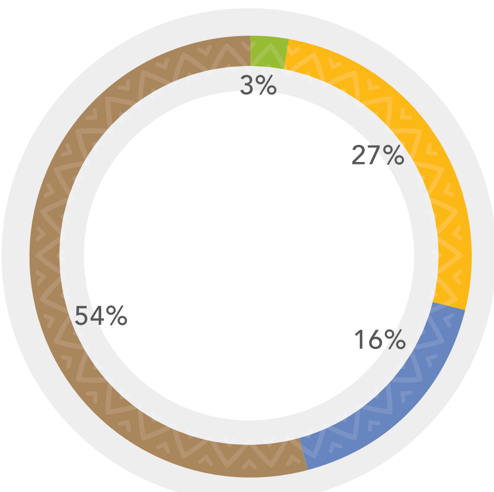


Diagram 2: City and property development (Gross floor area: square metres)

- Completed but unsold portion of the project 903,796
- Project under development 9,547,284
- Reserve project 5,851,159
- Primary land development 19,523,177

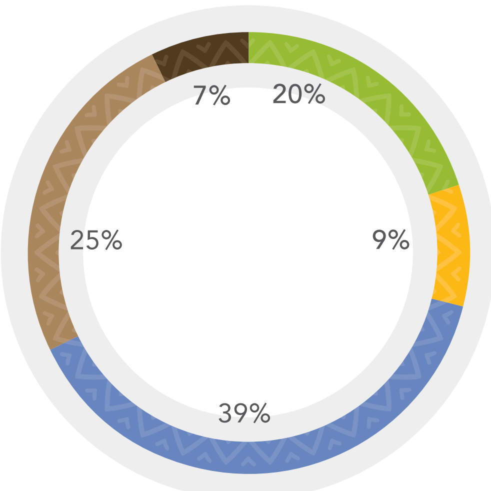


Diagram 3: Area held by commercial leasing and retail operations (Gross floor area: square metres)

- Beijing Chemsunny World Trade Centre 110,760
- Sinochem Tower 49,066
- Jin Mao Tower 216,462
- Nanjing Xuanwu Lake Jinmao Plaza 139,806
- Others 36,856

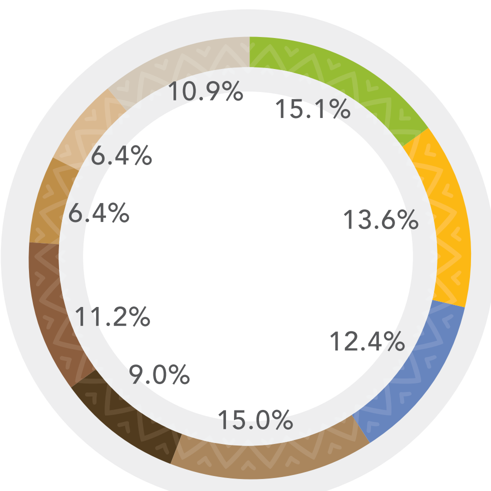


Diagram 4: Number of hotel rooms

- Grand Hyatt Shanghai 555
- Hilton Sanya Yalong Bay Resort & Spa 501
- The Ritz-Carlton Sanya Yalong Bay 455
- The Westin Beijing Chaoyang 550
- Renaissance Beijing Wangfujing Hotel 329
- JW Marriott Hotel Shenzhen 411
- Westin Nanjing 234
- Hyatt Regency Chongming 235
- Grand Hyatt Lijiang 401

1. COMMERCIAL LEASING AND RETAIL OPERATIONS PROJECTS

Name of project	Location	Project site area (square metres)	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion	Area held for commercial leasing and retail properties (square metres)
Beijing Chemsunny World Trade Centre	Xicheng District, Beijing, China	21,659	194,530	Office	100%	2006	110,760
Sinochem Tower	Xicheng District, Beijing, China	5,833	49,066	Office	100%	1995	49,066
Jin Mao Tower (including hotel)	Pudong New Area, Shanghai, China	23,611	292,475	Office	66.53%	1999	216,462
Nanjing Xuanwu Lake Jinmao Plaza Project Phase I (including hotel)	Gulou District, Nanjing, Jiangsu Province, China	19,852	225,846	Complex	(Note 2)	2011	139,806
Changsha Meixi Lake International R&D Centre	Xiangjiang New District, Changsha, Hunan Province, China	46,353	132,856	Office	80%	2017	14,963
Lijiang J•Life	Old Town, Lijiang, Yunnan Province, China	20,761	21,893	Commercial	100%	2014	21,893
Total							**552,950**

2. HOTEL OPERATION PROJECTS

Name of project	Location	Hotel site area (square metres)	Hotel gross floor area (square metres)	Equity attributable to the Group	Date of completion	Number of guest rooms
Renaissance Beijing Wangfujing Hotel	Dongcheng District, Beijing, China	9,858	44,435	66.53%	1995	329
Grand Hyatt Shanghai	Pudong New Area, Shanghai, China	(Note 1)	76,013	66.53%	1999	555
Hilton Sanya Yalong Bay Resort & Spa	Yalong Bay Resort, Sanya, Hainan Province, China	108,610	75,208	66.53%	2006	501
The Ritz-Carlton Sanya Yalong Bay	Yalong Bay Resort, Sanya, Hainan Province, China	153,375	83,772	66.53%	2008	455
The Westin Beijing Chaoyang	Chaoyang District, Beijing, China	8,642	77,945	66.53%	2008	550
JW Marriott Hotel Shenzhen	Futian District, Shenzhen, Guangdong Province, China	4,471	51,730	66.53%	2009	411
Westin Nanjing	Gulou District, Nanjing, Jiangsu Province, China	(Note 2)	32,514	(Note 2)	2011	234
Hyatt Regency Chongming	Chongming County, Shanghai, China	(Note 3)	48,992	66.53%	2014	235
Grand Hyatt Lijiang (Note 6)	Old Town, Lijiang, Yunnan Province, China	131,738	84,384	66.53%	2014	401
Total			**574,993**			**3,671**

3. CITY AND PROPERTY DEVELOPMENT PROJECTS

Name of project	Location	Project site area (square metres)	Project gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion	Unsold/ Undelivered area (square metres)
A. Completed projects							
Site B of Shanghai Port International Cruise Terminal Project	Hongkou District, Shanghai, China	85,089	302,080	Commercial	50%	2011	–
Of which: Portion above ground of Building No.11 of Shanghai Port International Cruise Terminal	Hongkou District, Shanghai, China		6,165	Commercial	50%	2011	6,165
Zhuhai Every Garden Project	Xiangzhou District, Zhuhai, Guangdong Province, China	43,499	137,225	Residential	100%	2008	4,143
Beijing Chemsunny World Trade Centre	Xicheng District, Beijing, China	21,659	194,530	Office	100%	2006	42,117
Nanjing Xuanwu Lake Jinmao Plaza Project Phase I (including hotel)	Gulou District, Nanjing, Jiangsu Province, China	19,852	225,846	Complex	(Note 2)	2011	5,484
Beijing Guangqu Jinmao Palace Project	Chaoyang District, Beijing, China	155,918	368,342	Residential	100%	2014	72,254
Shanghai Dongtan Jinmao Noble Manor Project (Note 3)	Chongming Island, Shanghai, China	220,000	173,899	Commercial/ Residential	100%	2014	71,434
Changsha Yuelu Jinmao Meixi Lake Project	Xiangjiang New District, Changsha, Hunan Province, China	156,767	525,940	Commercial/ Residential	100%	2015	155,934
Beijing Ya'ao Jinmao Residence and Beijing Wangjing Jinmao Palace Project	Chaoyang District, Beijing, China	92,768	395,831	Residential	51%	2016	163,542
Hangzhou Huanglong Jinmao Residence Project	Gongshu District, Hangzhou, Zhejiang Province, China	61,160	242,300	Commercial/ Residential	85%	2016	221,629
Chongqing Daping Jinmao Residence Project	Jiulongpo District, Chongqing, China	101,096	500,644	Residential	100%	2016	161,094
Total							**903,796**

Name of project	Location	Project site area (square metres)	Project gross floor area* (square metres)	Type of project	Equity attributable to the Group	Date of completion	Unsold/ Undelivered area (square metres)
B. Projects under development							
Beijing Yizhuang Jinmao Residence Project	Beijing Economic and Technological Development Area, Beijing, China	134,858	414,782	Residential	100%	2017	312,462
Beijing Yizhuang Jinmao Noble Manor Project	Beijing Economic and Technological Development Area, Beijing, China	159,300	558,922	Residential	25.5% and 50% (Note 5)	2019	558,922
Qingdao Shinan Jinmao Harbour Project	Shinan District, Qingdao, Shandong Province, China	131,202	513,189	Commercial/ Residential	100%	2017	352,618 (Note 8)
Qingdao China-Europe International City Project – First batch of land parcels	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	277,586	480,626	Commercial/ Residential	100%	2018	480,626
Shanghai International Shipping Service Center Project	Hongkou District, Shanghai, China	95,594	530,933	Complex	50%	2017	235,793
Shanghai Star Harbour International Centre Project	Central Area of North Bund, Shanghai, China	40,577	426,060	Complex	50%	2017	426,060
Shanghai Daning Jinmao Palace Project	Zhabei District, Shanghai, China	96,429	289,200	Residential	36%	2017	289,200
Suzhou Gusu Jinmao Palace Project	Gusu District, Suzhou, Jiangsu Province, China	86,018	342,422	Residential	100%	2018	222,743
Ningbo Nantang Jinmao Palace Project	Haishu District, Ningbo, Zhejiang Province, China	62,458	225,160	Commercial/ Residential	100%	2017	201,317
Ningbo Jiangdong Jinmao Palace Project	Jiangdong District, Ningbo, Zhejiang Province, China	93,646	315,850	Residential	57%	2019	315,850
Chongqing Panlong Jinmao Residence Project	Panlong Area, Jiulongpo District, Chongqing, China	47,036	300,000	Commercial/ Residential	100%	2017	203,887
Chongqing Jinmao International Ecological New City Project	Yubei District, Chongqing, China	217,221	825,666	Commercial/ Residential	45.465%	2021	825,666
Guangzhou Nansha Jinmao Harbour Project	Nansha District, Guangzhou, Guangdong Province, China	243,400	778,652	Complex	90%	2019	744,533 (Note 7)
Changsha Meixi Lake Jinmao Residence Project	Xiangjiang New District, Changsha, Hunan Province, China	154,607	485,577	Commercial/ Residential	70%	2017	278,729
Changsha Meixi Lake Jinmao Plaza Project	Xiangjiang New District, Changsha, Hunan Province, China	152,995	954,770	Complex	100%	2019	726,533 (Note 9)
Lijiang Jinmao Whisper of Jade Dragon Project	Lijiang World Heritge Park, Lijiang, Yunnan Province, China	363,938	207,902	Residential	100%	2020	172,253
Lijiang Snow Mountain Jinmao Noble Manor Project	Ganhaizi, Jade Dragon Snow Mountain, Lijiang, Yunnan Province, China	54,027	18,887	Commercial/ Residential	100%	2017	18,887
Qingdao China-Europe International City Project – Second batch of land parcels	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	141,597	354,644	Commercial/ Residential	100%	2021	354,644
Beijing Jinmao Palace Project	Fengtai District, Beijing, China	84,985	220,404	Residential	49%	2020	220,404
Beijing Fengtai Jinmao Plaza Project	Fengtai District, Beijing, China	29,500	177,662	Office/ Commercial	44.1%	2018	177,662
Cinda & Jinmao – Tianhe Jinmao Plaza Project	Tianhe District, Guangzhou, Guangdong Province, China	92,225	329,040	Residential/ Commercial	40%	2020	329,040
Changsha Meixi Lake Jinmao Harbour Project	Xiangjiang New District, Changsha, Hunan Province, China	119,862	498,605	Commercial/ Residential	100%	2019	498,605
Nanjing Dongcheng Jinmao Residence Project	Jiangning District, Nanjing, Jiangsu Province, China	34,923	118,880	Residential	40%	2018	118,880
Ningbo Haishu Jinmao Residence Project	Haishu District, Ningbo, Zhejiang Province, China	51,214	173,609	Residential	100%	2018	173,609
Hangzhou Binjiang Jinmao Palace Project	Binjiang District, Hangzhou, Zhejiang Province, China	72,219	248,371	Residential	50%	2020	248,371
Guangzhou Zhujiang Jinmao Palace Project	Liwan District, Guangzhou, Guangdong Province, China	47,367	314,321	Residential	50%	2019	314,321
Foshan Jinmao Green Island Lake Project	Chancheng District, Foshan, Guangdong Province, China	205,684	638,074	Residential	65%	2021	638,074
Changsha Meixi Lake International R&D Centre	Xiangjiang New District, Changsha, Hunan Province, China	46,353	132,856	Office	80%	2017	107,595
Sub-total							**9,547,284**

Management Discussion and Analysis

Project Overview

Name of project	Location	Project site area (square metres)	Project gross floor area* (square metres)	Type of project	Equity attributable to the Group	Date of completion	Unsold/ Undelivered area (square metres)
C. Land under development							
Nanjing Qinglong Mountain International Ecological New City Project	City Centre of Shangfang, Jiangning, Nanjing, Jiangsu Province, China	3,230,000	3,798,000	Primary	80%	2020	3,391,187
Changsha Meixi Lake International New City Project Phase I	Xiangjiang New District, Changsha, Hunan Province, China	2,808,428	9,402,328	Primary	80%	2017	2,623,024
Changsha Meixi Lake International New City Project Phase II	Xiangjiang New District, Changsha, Hunan Province, China	4,535,600	12,680,000	Primary	70% (Note 4)	2020	12,680,000
Changsha Meixi Lake International New City Land Block A Project	Xiangjiang New District, Changsha, Hunan Province, China	276,322	828,966	Primary	80%	2017	828,966
Sub-total							**19,523,177**

Name of project	Location	Project site area (square metres)	Project gross floor area* (square metres)	Type of project	Equity attributable to the Group	Date of completion
D. Reserve projects						
Beijing Fengtai Jinmao Plaza Project (Land Parcel B of Science Park Project)	Fengtai District, Beijing, China	14,788	78,653	Office/ Commercial	51%	2018
Tianjin Thermal Power Plant Project	Hedong District, Tianjin, China	125,926	407,313	Complex	100%	2020
Nanjing Xuanwu Lake Jinmao Plaza Project Phase II	Gulou District, Nanjing, Jiangsu Province, China	18,068	227,300	Complex	(Note 2)	2019
Changsha Meixi Lake Land Parcel F13 Project	Xiangjiang New District, Changsha, Hunan Province, China	18,543	191,264	Commercial	100%	2019
Nanjing Hexi Jinmao Palace Project (land parcel no.20-7)	Hexi New Town, Nanjing, Jiangsu Province, China	33,391	119,560	Residential	50%	2018
Nanjing Hexi Jinmao Palace Project (land parcel no.20-8)	Hexi New Town, Nanjing, Jiangsu Province, China	35,092	125,153	Residential	50%	2019
Shoukai Hangzhou Jinmao Palace Project	Gongshu District, Hangzhou, Zhejiang Province, China	69,151	277,822	Residential	49%	2018
Land parcel in Shangtang, Longhua New District, Shenzhen	Longhua New District, Shenzhen, Guangdong Province, China	35,673	188,840	Residential	70%	2018
Hefei Beiyanhu Jinmao Harbour Project	Hefei High-Tech Zone, Anhui Province, China	103,231	311,358	Residential	29.4%	2019
Zhengzhou Zhengdong New Area Beilonghu Land Parcel No.14	Zhengdong New Area, Zhengzhou, Henan Province, China	55,930	155,256	Residential	51%	2019
Shanghai Hongkou Liangcheng New Village Land Parcel No. 073-06	Hongkou District, Shanghai, China	19,960	86,889	Residential/ Commercial	49%	2019
Shanghai Jiading New City Land Parcel No. E27-1	Jiading New City, Jiading District, Shanghai, China	86,623	211,224	Residential	29.73%	2019
Wuhan Donghu Jinmao Palace Project	Hongshan District, Wuhan, Hubei Province, China	111,571	747,200	Residential/ Commercial	33%	2020
Wuxi Binhu District Land Parcel No. XDG-2016-8	Binhu District, Wuxi, Jiangsu Province, China	124,337	440,071	Residential	51%	2020
Shanghai Hongkou District Tilanqiao Land Parcel No. HK322-01	Hongkou District, Shanghai, China	14,146	104,244	Office/ Commercial	30%	2020
Ningbo Yaojiang New District Kickoff Area Phase I Land Parcel No. 4	Yaojiang New City, Jiangbei District, Ningbo, Zhejiang Province, China	94,301	232,771	Residential	49%	2019
Nanjing Southern Hexi Yuzui Land Parcel No. G97	Yuzui Financial Service Cluster, Southern Hexi, Nanjing, Jiangsu Province, China	141,110	1,176,204	Complex	100%	2023
Suzhou New and High-Tech Zone Land Parcel No. 81	Suzhou New and High-Tech Zone, Suzhou, Jiangsu Province, China	92,435	268,265	Residential	100%	2019
Suzhou New and High-Tech Zone Land Parcel No. 82	Suzhou New and High-Tech Zone, Suzhou, Jiangsu Province, China	194,396	501,772	Complex	100%	2020
Sub-total			**5,851,159**			

PROJECTS ACQUIRED SINCE 2016

Name of project	Location	Project site area (square metres)	Project gross floor area* (square metres)	Type of project	Equity attributable to the Group	Date of completion	Unsold/ Undelivered area (square metres)
Cinda & Jinmao-Tianhe Jinmao Plaza Project	Tianhe District, Guangzhou, Guangdong Province, China	92,225	329,040	Commercial/ Residential	40%	2020	329,040
Tianjin Thermal Power Plant Project	Hedong District, Tianjin, China	125,926	407,313	Complex	100%	2020	407,313
Qingdao China-Europe International City Project – Second batch of land parcel	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	141,597	354,644	Commercial/ Residential	100%	2021	354,644
Zhengzhou Zhengdong New Area Beilonghu Land Parcel No.14	Zhengdong New Area, Zhengzhou, Henan Province, China	55,930	155,256	Residential	51%	2019	155,256
Ningbo Haishu Jinmao Residence Project	Haishu District, Ningbo, Zhejiang Province, China	51,214	173,609	Residential	100%	2018	173,609
Shoukai Hangzhou Jinmao Palace Project	Gongshu District, Hangzhou, Zhejiang Province, China	69,151	277,822	Residential	49%	2018	277,822
Shanghai Hongkou Liangcheng New Village Land Parcel No. 073-06	Hongkou District, Shanghai, China	19,960	86,889	Commercial/ Residential	49%	2019	86,889
Shanghai Jiading New City Land Parcel No. E27-1	Jiading New City, Jiading District, Shanghai, China	86,623	211,224	Residential	29.73%	2019	211,224
Wuxi Binhu District Land Parcel No.XDG-2016-8	Binhu District, Wuxi, Jiangsu Province, China	124,337	440,071	Residential	51%	2020	440,071
Land parcel in Shangtang, Longhua New District, Shenzhen	Longhua New District, Shenzhen, Guangdong Province, China	35,673	188,840	Residential	70%	2018	188,840
Hexi Jinmao Palace Project (land parcel no.20-7)	Hexi New Town, Nanjing, Jiangsu Province, China	33,391	119,560	Residential	50%	2018	119,560
Hexi Jinmao Palace Project (land parcel no.20-8)	Hexi New Town, Nanjing, Jiangsu Province, China	35,092	125,153	Residential	50%	2019	125,153
Hefei Beiyanhu Jinmao Harbour Project	Hefei High-Tech Zone, Anhui Province, China	103,231	311,358	Residential	29.4%	2019	311,358
Wuhan Donghu Jinmao Palace Project	Hongshan District, Wuhan, Hubei Province, China	111,571	747,200	Residential/ Commercial	33%	2020	747,200
Shanghai Hongkou District Tilanqiao Land Parcel No. HK322-01	Hongkou District, Shanghai, China	14,146	104,244	Office/ Commercial	30%	2020	104,244
Ningbo Yaojiang New District Kickoff Area Phase I Land Parcel No. 4	Yaojiang New City, Jiangbei District, Ningbo, Zhejiang Province, China	94,301	232,771	Residential	49%	2019	232,771
Nanjing Southern Hexi Yuzui Land Parcel No. G97	Yuzui Financial Service Cluster, Southern Hexi, Nanjing, Jiangsu Province, China	141,110	1,176,204	Complex	100%	2023	1,176,204
Suzhou New and High-Tech Zone Land Parcel No. 81	Suzhou New and High-Tech Zone, Suzhou, Jiangsu Province, China	92,435	268,265	Residential	100%	2019	268,265
Suzhou New and High-Tech Zone Land Parcel No. 82	Suzhou New and High-Tech Zone, Suzhou, Jiangsu Province, China	194,396	501,772	Complex	100%	2020	501,772
Sub-total			**6,211,235**				**6,211,235**

* Estimated gross floor area

(Note 1) Grand Hyatt Shanghai is situated in Jin Mao Tower.

(Note 2) Westin Nanjing is situated in Nanjing Xuanwu Lake Jinmao Plaza. The Group holds 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, owns Nanjing Xuanwu Lake Jinmao Plaza Phases I and II.

(Note 3) Hyatt Regency Chongming, held as to 66.53% interest by the Group, is situated in Shanghai Dongtan Jinmao Noble Manor.

(Note 4) The Company received an official letter from the Management Committee of Dahexi Pilot Zone in Changsha, confirming that the Company has been selected as the second investor of Changsha Meixi Lake Primary Development Phase II. According to the Confirmation Letter, the total investment required for the Company, as the second investor, to complete all its related works under the Project, is estimated to be 70% of the estimated investment of the Project. At the same time, the Company will be entitled to a full refund of its development costs, as well as a gain representing 70% of the appreciation of land within the area of the Project which is available for distribution to the investors.

(Note 5) Beijing Yizhuang Jinmao Noble Manor is developed on the land parcels X87 and X91 in Beijing. Currently, the Group holds 25.5% interest in land parcel X87 (GFA: 259,234 square metres) and 50% interest in land parcel X91 (GFA: 299,688 square metres).

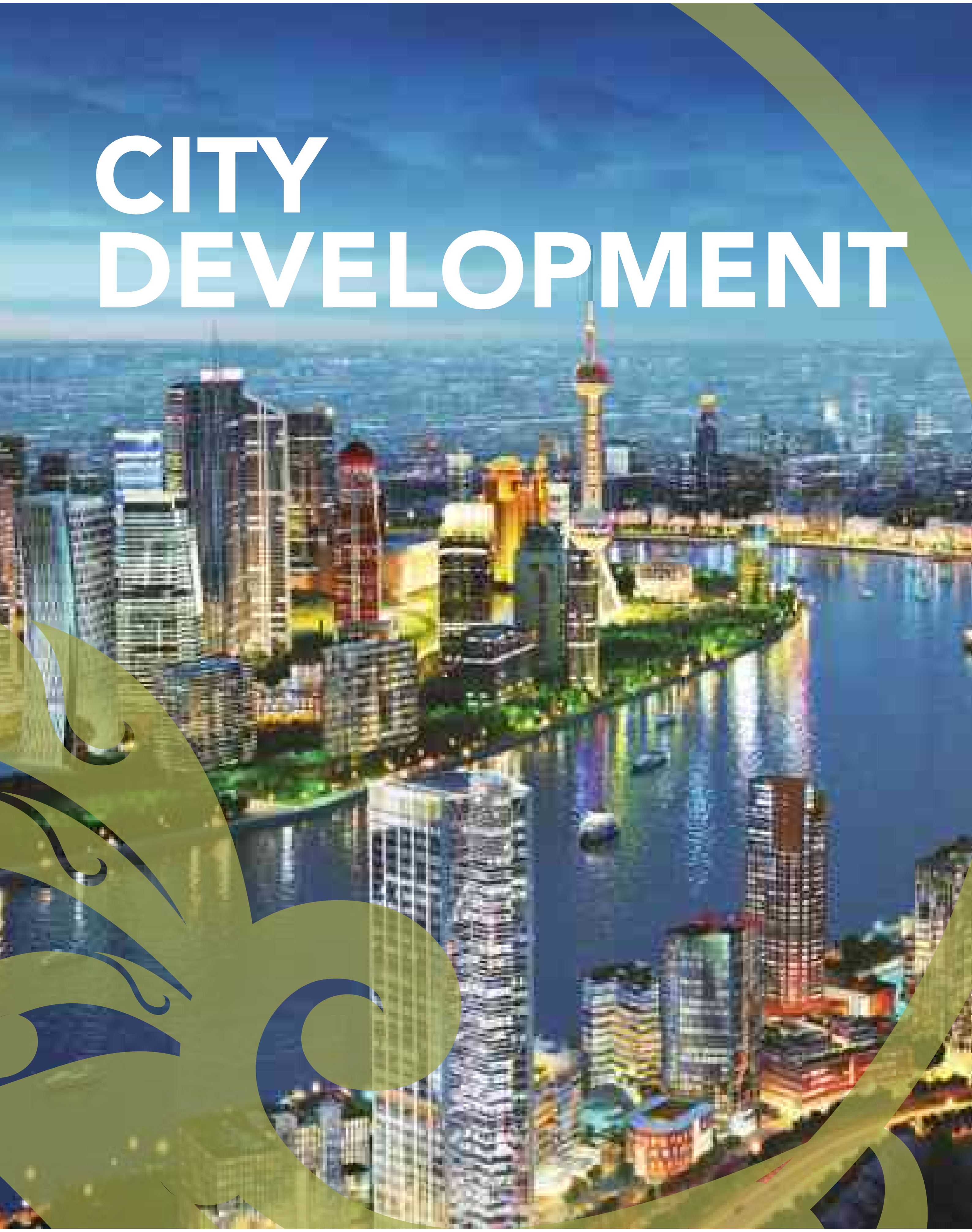
(Note 6) Grand Hyatt Lijiang is held as to 66.53% interest by the Group. Grand Hyatt Lijiang in the urban area is situated in Lijiang Jinmao Richmond Town Project; whereas the Mountain Lodge in the scenic area is situated in Ganhaizi, Jade Dragon Snow Mountain.

(Note 7) The unsold/undelivered area of Guangzhou Nansha Jinmao Harbour Project included an area of 28,000 square metres as the hotel under construction.

(Note 8) The unsold/undelivered area of Qingdao Shinan Jinmao Harbour Project included an area of 61,295 square metres as Qingdao Shinan Jinmao Harbour Shopping Mall under construction.

(Note 9) The unsold/undelivered area of Changsha Meixi Lake Jinmao Plaza included an area of 48,592 square metres and 106,707 square metres as the hotel under construction and retail properties under construction respectively.

CITY DEVELOPMENT



CHANGSHA
MEIXI LAKE INTERNATIONAL NEW CITY

SHANGHAI
XINGWAITAN

NANJING
QINGLONG MOUNTAIN INTERNATIONAL ECOLOGICAL NEW CITY

QINGDAO
CHINA-EUROPE INTERNATIONAL CITY

CHONGQING
JINMAO INTERNATIONAL ECOLOGICAL NEW CITY

LIJIANG
JINMAO RICHMOND TOWN

GUANGZHOU
NANSHA JINMAO HARBOUR

CITY DEVELOPMENT

CHANGSHA
MEIXI LAKE INTERNATIONAL NEW CITY

Changsha Meixi Lake International New City is located at the core region in Xiangjiang New District, Changsha, Hunan Province. Phase I of the project has Second Ring Road to the east, Third Ring Road to the west, Dragon King Harbour River to the north and Taohua Ridge of Yuelu Mountain Range to the south and surrounded by the 3,000-mu of Meixi Lake featuring the elements of mountains, lake, islets and city. Phase I of the project has a site area of approximately 11,452 mu and a total gross floor area of approximately 9.40 million square metres. Phase II of the project, which is situated in the west of Phase I, has a total site area of 16,545 mu and a total gross floor area of approximately 12.68 million square metres, with Third Ring Road to the east, Yuelu Mountain Xiangbiwo Forest Park and Taohua Ridge Forest Park to the south, Tianlei Road to the north and Yuanjiachong Road North and Yuanjiachong Road South to the west. The project comprises a variety of premium segments including high-end residences, a super five-star hotel, Grade 5A office buildings, serviced apartments, a cultural and arts centre and a technology and innovation centre, and is a green and ecological region suitable for residence, business and leisure.

During the Period under Review, Meixi Lake land parcel no. J-44 and Meixi Lake land parcel no. B39 in Yuelu Area under Phase I of the project were transferred by listing, and other works of the project progressed well. In October 2016, the project won the "Global Human Settlement Award on Planning and Design" at the Global Forum on Human Settlements ("GFHS").

CITY DEVELOPMENT

SHANGHAI
XINGWAITAN

Shanghai Xingwaitan is situated at the riverfront downtown of the North Bund in Hongkou, enjoying extremely high regional value. The entire Xingwaitan Project, consisting of Shanghai Port International Cruise Terminal, Shanghai International Shipping Service Center and Shanghai Star Harbour International Centre, is planned to be developed into a high-quality commercial and office complex.

Shanghai Xingwaitan Project is the largest green retail and office building project in China or even in Asia and has obtained the three-star green building design label certification from the Ministry of Housing and Urban-Rural Development of China, the LEED-CS gold certification from the U.S. Green Building Council ("USGBC") and the BREEAM outstanding category certification from Building Research Establishment ("BRE"). Until now, all units in Shanghai Port International Cruise Terminal Project have been sold and the Company has exited from the project. Shanghai International Shipping Service Center and Shanghai Star Harbour International Centre are projects under sale/construction.

During the Period under Review, various works of the project progressed well. Among which, Shanghai International Shipping Service Center successfully delivered four office buildings. With respect to other buildings under construction, the superstructures of the above ground construction have been topped out. Shanghai Star Harbour International Center was under construction.

CITY DEVELOPMENT

NANJING
QINGLONG MOUNTAIN INTERNATIONAL ECOLOGICAL NEW CITY

Qinglong Mountain International Ecological New City is located in the downtown area of Dongshan Vice City in Nanjing adjacent to the Qinglong – Dalian Mountain Range with a total site area of approximately 3.92 square kilometres and a total gross floor area of approximately 3.8 million square metres. The district performs a number of functions covering a CBD, quality residences, ancillary public infrastructure and scenic district. Its business segments include quality residence, a metropolitan commercial centre, a five-star hotel, office buildings and apartments. The project will be developed into China's model green new city project comprising ecology, technology and culture.

During the Period under Review, the development plan of the project progressed well. Sales contracts were successfully entered into for three land parcels. Various works were conducted in an orderly manner.

CITY DEVELOPMENT

QINGDAO CHINA-EUROPE INTERNATIONAL CITY

Qingdao China-Europe International City is situated at Qingdao High-Tech Zone occupying a site area of 2,500 mu and a gross floor area of 4 million square metres. The project marks another China Jinmao's milestone of city development in Qingdao. Facing an ecological wetland park of 5,000 mu, the project introduces the Eden conned the "Eighth Wonder of the World" and aims to be developed into a world-class tourism resort and leisure destination. The project integrates the elements of the city, sectors and eco-environment and comprises a variety of segments from garden villas, aqua front community, elite apartments, office headquarters to city plaza, which will be developed into a diversified whole-resource internationalised community featuring ecology and intelligence. Capitalising on the natural landscapes including the sea, river, woods, lake and wetlands in the region, the project blends into the lifestyles of China and Europe to create a green gold strategic internationalised community. This is expected to drive the development of the third-generation harbour project in the world-class city and come under the spotlight of China and Europe, thus shaping Qingdao into the choice of conference.

During the Period under Review, the Group won the bid for the second batch of four land parcels (with a total gross floor area of 354,644 square metres) in 2016. The project was launched twelve times and sold out at each time. In 2016, it topped the charts in terms of number of transactions, area sold and sales amount in Qingdao High-Tech Zone, and the other works of the project progressed well.

CITY DEVELOPMENT

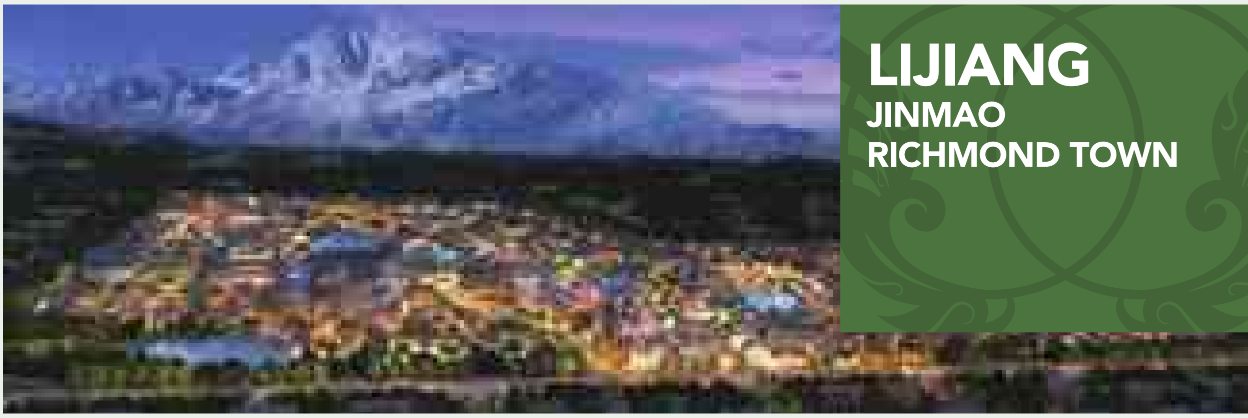
CHONGQING
JINMAO INTERNATIONAL ECOLOGICAL NEW CITY

Chongqing Jinmao International Ecological New City is at the downtown of Liangjiang new area adjacent to Yubei Central Park in Chongqing. The project, which has a site area of approximately 217,221 square metres and a total gross floor area of 825,666 square metres, covers various forms of segments including luxury residence, duplexes, townhouses, office buildings and themed commercial complexes. Unlike those situated in the area of traditional schools, the project caters for the needs throughout a child's growth and fulfils 28 key standards of six major systems, marking China's first landmark property project targeted at all aged below 18.

During the Period under Review, various works of the project were well underway. Sales of the entire project remained high and the project has become a hot property commodity in Liangjiang new area or even across Chongqing. The Group will integrate with innovative service value system, comprehensive schooling amenities, convenient transport network and abundant natural resources into the project to shape the new city centre in Chongqing.

CITY DEVELOPMENT

LIJIANG
JINMAO RICHMOND TOWN



Jinmao Richmond Town is located in Lijiang – the only city with three cultural heritages in China and situated at the heart of the high-end vacation resort area at the foot of Jade Dragon Snow Mountain. The project, having a site area of approximately 855.96 mu, has mixed developments and established operations including Jinmao Whisper of Jade Dragon, Grant Hyatt Lijiang, Wutong Micro Hotel and Lijiang J•Life.

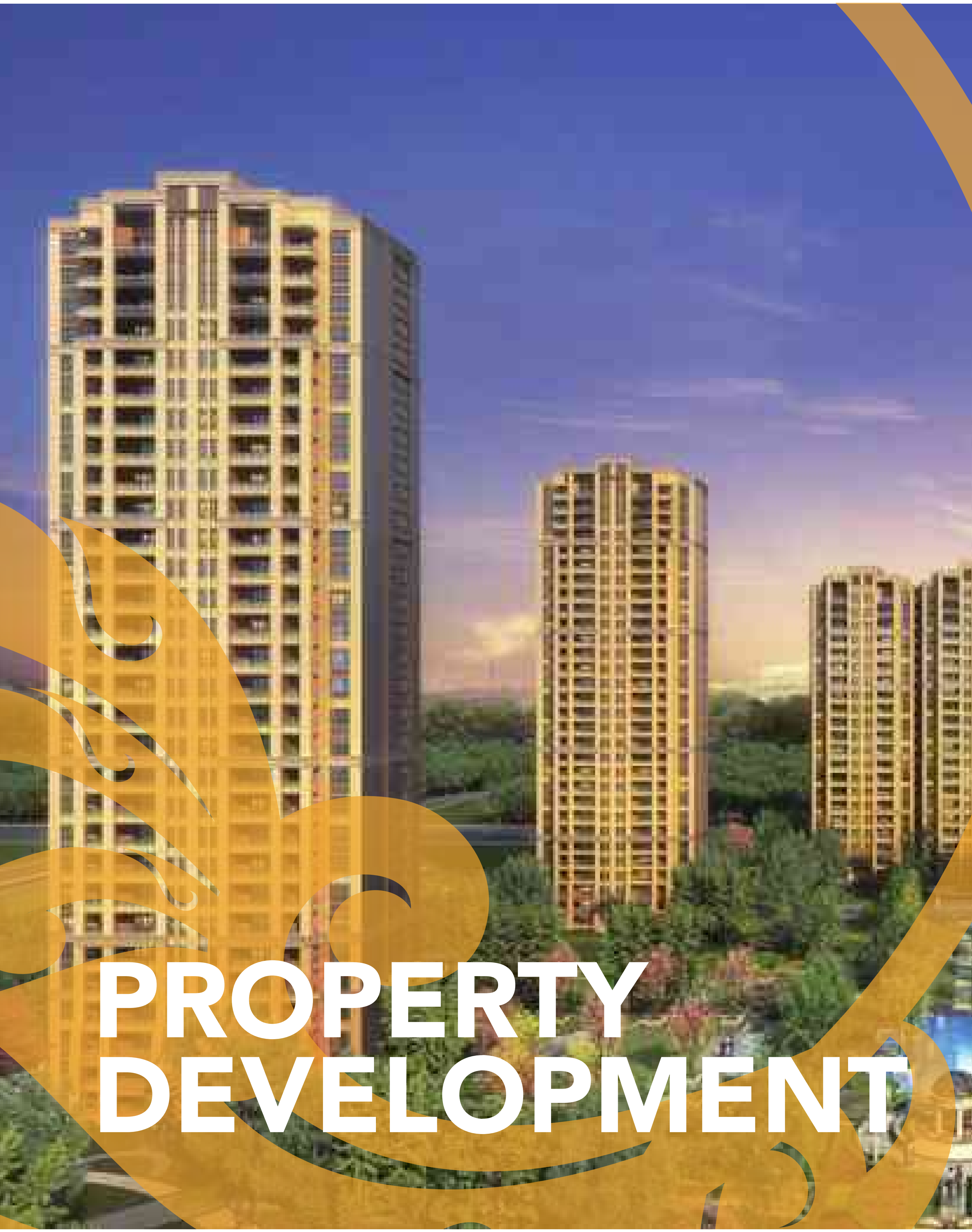
Featuring five major segments namely residence, hotel, retail, tourism and culture, the project will be developed into a one-stop ecological, cultural and travel destination in China and become the new city namecard in Lijiang. During the Period under Review, various works of the project progressed steadily.

GUANGZHOU
NANSHA JINMAO HARBOUR

Guangzhou Nansha Jinmao Harbour is a waterfront large-scale integrated project occupying an area of approximately 800,000 square metres at the pilot free trade zone of Nansha Pearl Bay. Situated at the tip of Longtou Island where the two harbours converge, it enjoys grade A seaview and is surrounded by twelve miles' mangroves. The project is located at the core of the only CBD in the pilot free trade zone in Nansha, Guangzhou, which comprises seven segments including grade A waterfront townhouses, loft apartments, seaview apartments, a five-star luxury hotel, Grade A office premises, a club house and a 60,000 square metres high-end business centre.

Inside the project, the retail street in Phase I of Nansha J•Life had its grand opening in 2016 and has successfully secured 21 international brands including Pacowin International which is the first international luxury products experience centre that offers same price for European products of the same model in the pilot free trade zone. Currently, the best-selling products of Nansha Jinmao Harbour include the renovation-tailored garden view highrise units of approximately 95-170 square metres and renovated skyview villas by the sea of approximately 240 square metres.

During the Period under Review, Guangzhou Nansha Jinmao Harbour Project was launched twelve times and sold out at each time with leading prices and absorption rates in the region. The product quality and marketing activities set models for the region. In March 2016, Guangzhou Nansha Jinmao Harbour Project was awarded "315 Quality Property Project" (315品質樓盤). Construction of the project progressed well.



PROPERTY DEVELOPMENT

NANJING

XUANWU LAKE JINMAO PLAZA

BEIJING

BEIJING JINMAO PALACE
YIZHUANG JINMAO NOBLE MANOR
FENGTAI JINMAO PLAZA

GUANGZHOU

TIANHE JINMAO PLAZA

NINGBO

JIANGDONG JINMAO PALACE
HAISHU JINMAO RESIDENCE

CHANGSHA

MEIXI LAKE JINMAO HARBOUR
MEIXI LAKE JINMAO PLAZA

HANGZHOU

BINJIANG JINMAO PALACE

PROPERTY DEVELOPMENT

BEIJING
BEIJING JINMAO PALACE

Beijing Jinmao Palace is located in Songjiazhuang region, South Third Ring Road, Beijing and is the first project launched in Beijing after China Jinmao's strategic transformation. The project aims to enhance the Jinmao Palace series in an effort to shape the "palace level" Jinmao Palace. As the first Jinmao Palace project of China Jinmao named after the city's name, it represents the only palace in the city but it is more than a palace. Beijing Jinmao Palace is a brand-new prototype of China Jinmao which adopts the operating strategy of the city by introducing municipal ancillary resources and facelifting the old town through innovative neighbourhood rebuilding, resulting in a better life of the city. It is not only a project, but an integrator of regional ancillary services. The introduction of this project has changed the image of the region. Within the one square kilometre area, the project follows the lifestyle of the internationalised street blocks of Manhattan, New York to create a 1,000-step accessible multi-dimensional metropolitan eco-circle of Jinmao, covering eight areas such as villa, medical, senior care, academics, retail (clubhouse), city park, metro and neighbourhood space. This will form a border-friendly complex community sustainable to cater for the needs of the city in its whole-life cycle. During the Period under Review, various works of the project progressed well.

PROPERTY DEVELOPMENT

BEIJING
YIZHUANG JINMAO NOBLE MANOR

Beijing Yizhuang Jinmao Noble Manor is another brand new Noble Manor series product of China Jinmao in Beijing following the Palace series and Residence series. The area of the product ranges from 180 to 210 square metres aiming to enhance the lifestyle of two generations of a family. Taking a duplex residence design, it features a two-level new courtyard city villa and also marks the first villa product in Beijing integrating the technology system of constant temperature, humidity and oxygen into villas and courtyards. Adhering to the principle of "craftsmanship", the project blends the "Chinese soul and western technology" in its architecture and shapes an exclusive new courtyard villa which highlights the mix of nature and courtyard to enrich people's life.

During the Period under Review, the project commenced sales for the first time and sales performance went well. Construction of the project progressed well and all project nodes were completed on schedule.

PROPERTY DEVELOPMENT

BEIJING FENGTAI JINMAO PLAZA

Beijing Fengtai Jinmao Plaza is situated at the core of Fengtai Science Park, West Fourth Ring Road. As the central business district of Beijing's new technology business, the headquarters of Fengtai Science Park mark another core headquarter business cluster following the Financial Street and Lize Financial District. It is a convergence of strong funding capabilities and sector demographic dividend which is in the phase of rapid development with tremendous future appreciation potential. Positioned with features of "exquisite craftsmanship and quality, green health and smart technology", Fengtai Jinmao Plaza strives to create three major property categories comprising LEED Gold high-end headquarters office premises, iterative operation smart business space as well as trendy and artistic retail street by adhering to the standards of LEED Gold and China Three-Star Green Label. Meanwhile, it has an upgraded green gold technology system and smart system in pursuit of quality excellence in a boundless, healthy, comfortable and secured environment to cater for customers' lifestyle in a brand-new city with a 360-degree approach. Adhering to the principles of Jinmao city operator and green gold technology, the project is set to be a landmark complex which transforms the business lifestyle of the city, and serves as a brand-new series of the plaza as a result of the iterative operation of the city. During the Period under Review, various works progressed well.

PROPERTY DEVELOPMENT

NINGBO JIANGDONG JINMAO PALACE

Situated at the high-end waterfront core residential area in Jiangdong, Ningbo, the project enjoys quality commercial and education resources. With a site area of 93,600 square metres and a GFA of 234,000 square metres, the project offers all-family units ranging from 89-175 square metres and is a sizable high-end residential project which is rarely seen in the main town area.

During the Period under Review, the project achieved remarkable sales of RMB1,010 million in its initial launch in July 2016. In December 2016, Ningbo Jiangdong Jinmao Palace was named the "Top 100 Value Property Projects in China for 2016-2017" (2016-2017中國TOP100價值樓盤) by China Index Research Institute. Various works of the project progressed smoothly.

PROPERTY DEVELOPMENT

NINGBO HAISHU JINMAO RESIDENCE

Haishu Jinmao Residence is the third project of China Jinmao in Ningbo which is located in Yaofeng, Haishu. The land parcel has Zhongtang River to the west; Miaoqian River, hotels and residences to the south; Zhongtang River tributaries and Lantian West Road under planning to the north; and Xuejia North Road under planning and development to the east, having a straight-line distance of approximately four kilometres from Sanjiangkou. The project becomes the opening remark of Jinmao Residence series in Ningbo. Enjoying extensive scenery advantages of double waterfronts, the project takes the design of neoclassicism to comprise waterfront high-rise units of 95-139 square metres and waterfront townhouses of 190-235 square metres. A number of factors such as one-stop education, personalised amenities and services as well as apartment optimisation also enhance the value of the project. Following the westward development in Haishu, the project, being the new centre of Haishu, is at a prime location of tremendous value. During the Period under Review, the project was launched for sales and was ranked first in terms of sales in Ningbo in November 2016. All project nodes were completed on schedule.

PROPERTY DEVELOPMENT

CHANGSHA
MEIXI LAKE JINMAO HARBOUR

Meixi Lake Jinmao Harbour, which is located at the core region in Xiangjiang New District, Hunan, is at the starting point in the east from the central axis of Meixi Lake International New City under planning where Longwangang River and the sports park are at its west and the 3,000-mu Meixi Lake is at its east. It is situated at the land parcel that enjoys the lakefront view in the Meixi Lake area. The project will comprise a variety of segments including quality residence, lakefront business park and loft apartments with integrated functions ranging from leisure, culture, entertainment to business. As to product development, China Jinmao, by insisting on the green philosophy of "green technology and Jinmao quality", endeavours to create an environment which allows the landlords residing there to enjoy green and healthy living styles.

During the Period under Review, Meixi Lake Jinmao Harbour particularly became the spotlight of the market. Currently, various works progressed smoothly.

PROPERTY DEVELOPMENT

CHANGSHA MEIXI LAKE JINMAO PLAZA

Changsha Meixi Lake Jinmao Plaza is located at the core region in Xiangjiang New District, Hunan Province. Situated at the core region of the north bank of Meixi Lake International New City, which has Meixi Lake and Festival Island to the south, the city's main road Meixi Lake Road to the north which seamlessly connected to Metro Line No. 2 under operation and an international cultural and arts centre to the east, the project enjoys a favourable geographical location. It will be developed into a high-end large-scale city complex consisting of a five-star hotel, a shopping mall, Grade A office premises and residences.

During the Period under Review, Changsha Meixi Lake Jinmao Palace, which is situated inside Changsha Meixi Lake Jinmao Plaza, remained a hot commodity. Its unit selling price continued to set a new record in luxury apartment in Changsha, which consolidated the position of Jinmao Plaza as Changsha's topnotch complex and Meixi Lake's landmark luxury residence. Currently, various works of the project progress well and the overall structure of the project has been topped out. Many large corporations and business brands have also expressed strong intent of lease.

PROPERTY DEVELOPMENT

HANGZHOU BINJIANG JINMAO PALACE

Located at the land parcel on Binsheng Road surrounded by Binjiang District People's Government of Hangzhou, Metro Line No.1 and Qiantang River, it embraces high-end international residences with an approximate area of 200,000 square metres. The project marks the pioneer residential model project of technology in Hangzhou that simultaneously adopts the European standards of 12 smart technology systems and five advanced technologies.

During the Period under Review, all project nodes progressed well on schedule. In December 2016, Hangzhou Binjiang Jinmao Palace was granted the "Star Property Project of 2016" (2016年明星樓盤) award by www.focus.cn.

PROPERTY DEVELOPMENT

NANJING XUANWU LAKE JINMAO PLAZA

Nanjing Xuanwu Lake Jinmao Plaza, which is situated at the heart of Zhongyang Road, Gulou District in Nanjing, comprises three super high-rise buildings that form the shape of a "mountain", enjoying a unique natural landscape which overlooks a panoramic view of Xuanwu Lake and Purple Mountain. The project, comprising five major segments namely a five-star hotel, an international shopping mall, Grade A office premises, pleasant view apartments and top luxury residences, is a landmark building in Nanjing. During the Period under Review, various works progressed well.

PROPERTY DEVELOPMENT

GUANGZHOU TIANHE JINMAO PLAZA

Guangzhou Tianhe Jinmao Plaza Project is situated at the prime location of Hebei, Guangzhou (at the south of the Meihuayuan Station of Metro Line No. 3). Occupying a GFA of approximately 330,000 square metres, it has a comprehensive range of facilities in the surrounding region and benefits from framework of a prosperous city. Featuring three principal product lines, namely the Jinmao Palace series high-end residence, trendy business centre and light luxury stylish apartment, the project represents a landmark business complex of China Jinmao as a leading quality property developer in the South China region. During the Period under Review, various works progressed well.

PROPERTY DEVELOPMENT

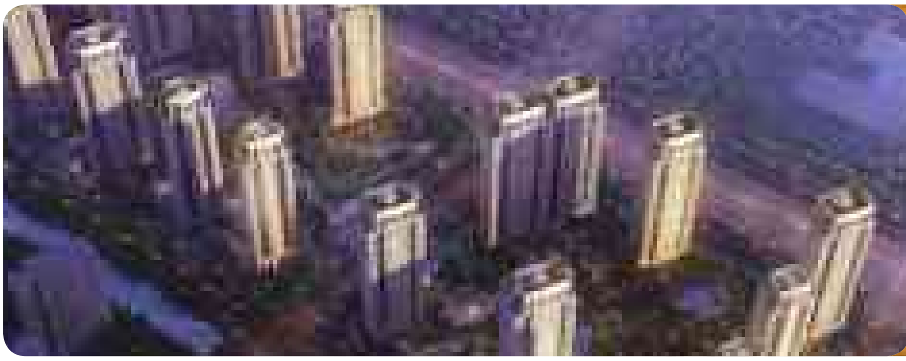
Shanghai Daning Jinmao Palace

Changsha Meixi Lake Jinmao Palace
situated inside Changsha Meixi Lake Jinmao Plaza

Guangzhou Zhujiang Jinmao Palace

Beijing Wangjing Jinmao Palace

PROPERTY DEVELOPMENT



Nanjing Hexi Jinmao Palace

Shoukai Hangzhou Jinmao Palace

Shenzhen Longhua Project

Wuhan Donghu Jinmao Palace

PROPERTY DEVELOPMENT

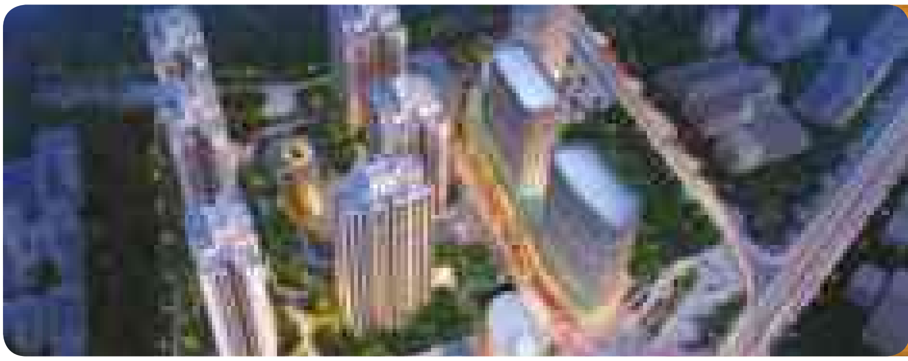
Suzhou Gusu Jinmao Palace

Ningbo Nantang Jinmao Palace

Beijing Yizhuang Jinmao Residence

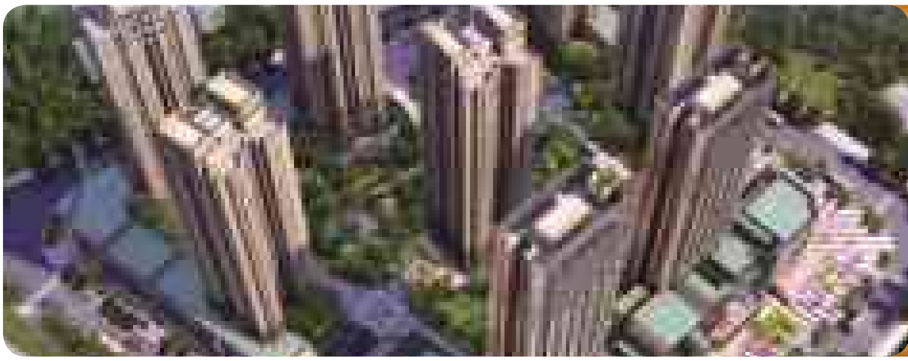
Changsha Meixi Lake Jinmao Residence

PROPERTY DEVELOPMENT



Chongqing Daping Jinmao Residence

Hangzhou Huanglong Jinmao Residence



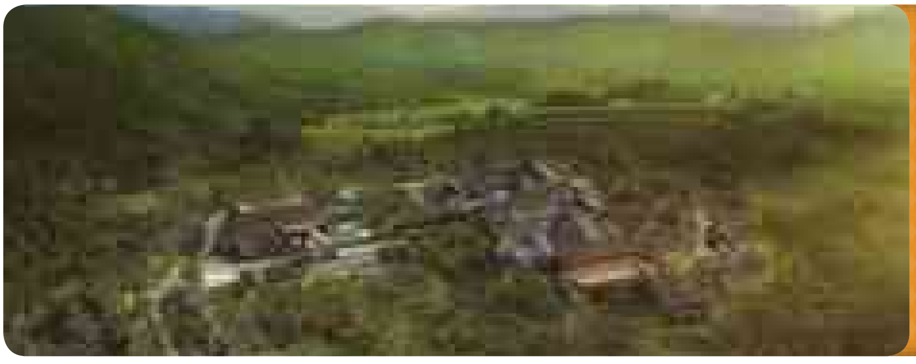
Chongqing Panlong Jinmao Residence

Nanjing Dongcheng Jinmao Residence

PROPERTY DEVELOPMENT

Beijing Ya'ao Jinmao Residence

Shanghai Dongtan Jinmao Noble Manor



Lijiang Snow Mountain Jinmao Noble Manor

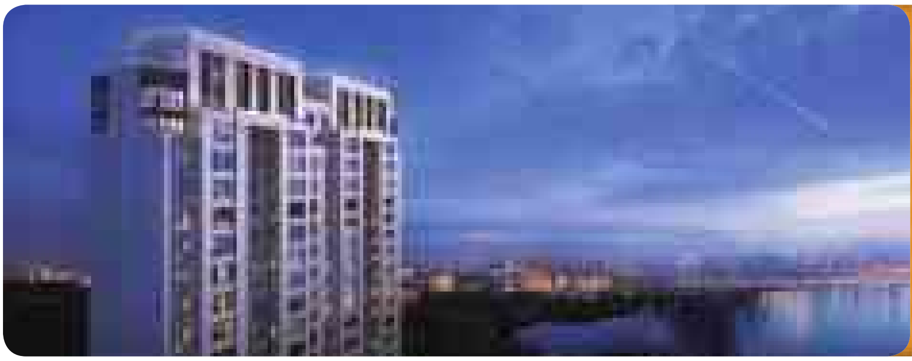
Lijiang Jinmao Whisper Of Jade Dragon

PROPERTY DEVELOPMENT

Foshan Jinmao Green Island Lake

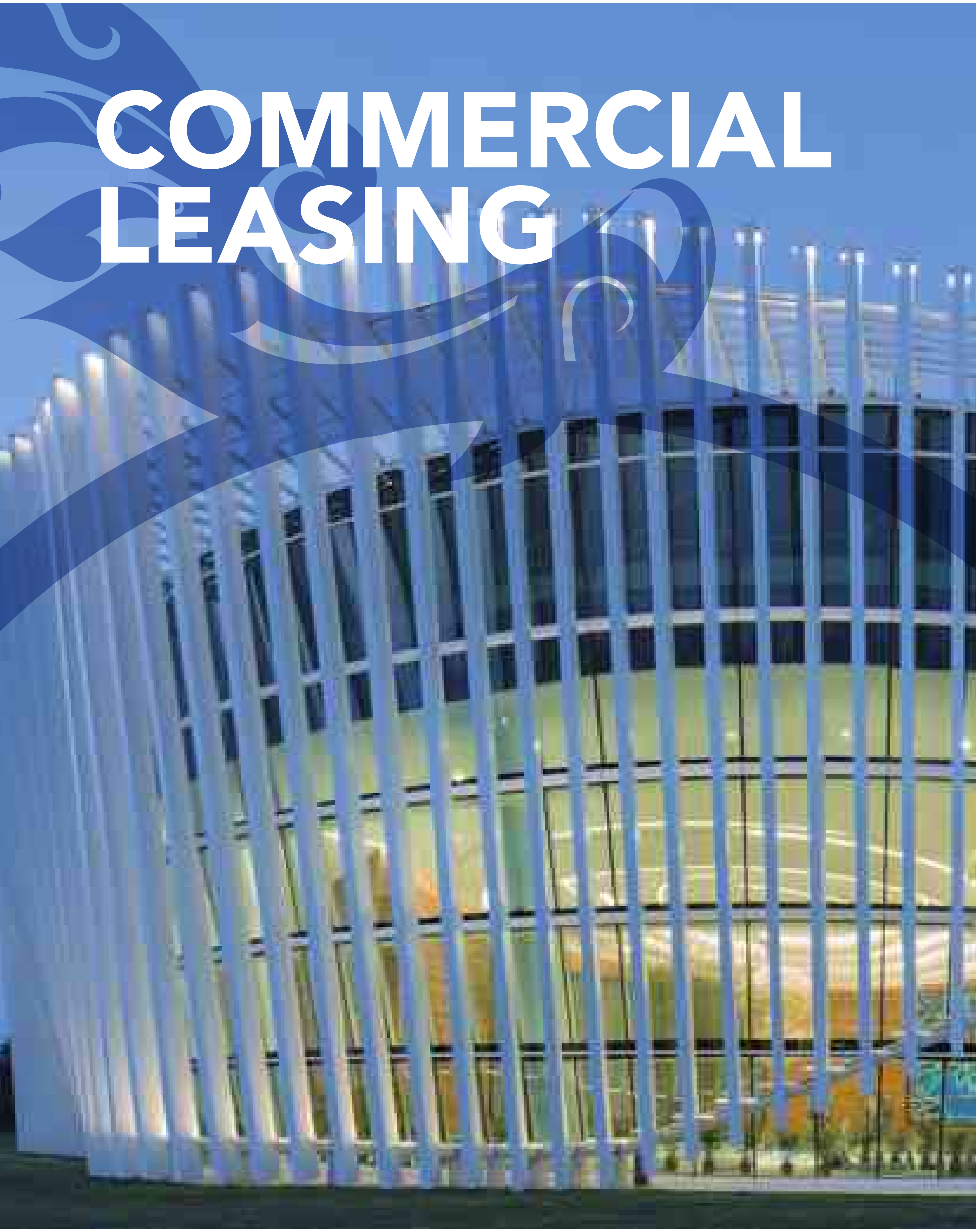
Changsha Yuelu Jinmao Meixi Lake

Qingdao Shinan Jinmao Harbour



Hefei Beiyanhu Jinmao Harbour

COMMERCIAL LEASING



BEIJING

CHEMSUNNY WORLD TRADE CENTRE
SINOCHEM TOWER

SHANGHAI

JIN MAO TOWER OFFICE PORTION

COMMERCIAL LEASING

During the Period under Review, the leasing of various office projects of the Group performed well. The occupancy rate basically remained high with growing rental levels.

Occupancy rate of office buildings

Name of project	Beijing Chemsunny World Trade Centre	Sinochem Tower	Jin Mao Tower – office portion	Nanjing Xuanwu Lake Jinmao Plaza Phase I – office portion	Changsha Meixi Lake International R&D Centre
2016	99.6%	99.1%	90.3%	95.2%	97.6%
2015	99.3%	100.0%	97.6%	99.9%	97.6%

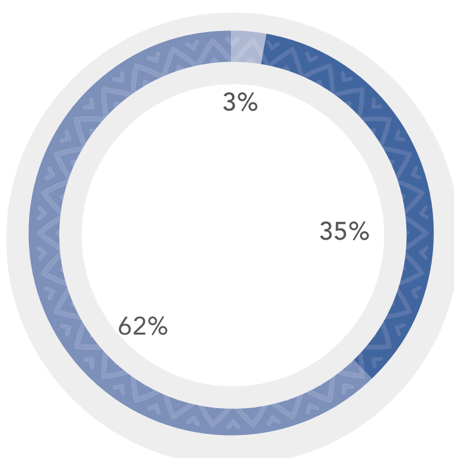
COMMERCIAL LEASING

BEIJING CHEMSUNNY WORLD TRADE CENTRE

Beijing Chemsunny World Trade Centre, which is situated on Fuxingmen Nei Avenue within the financial district of Beijing, is adjacent to West Chang'an Avenue and opposite to Financial Street. It is the first premium office building in China being granted China Three-Star Green Label and USGBC's LEED-EB platinum certification at the same time.

Tenant structure of Beijing Chemsunny World Trade Centre

- Connected Person
- Financial
- Others



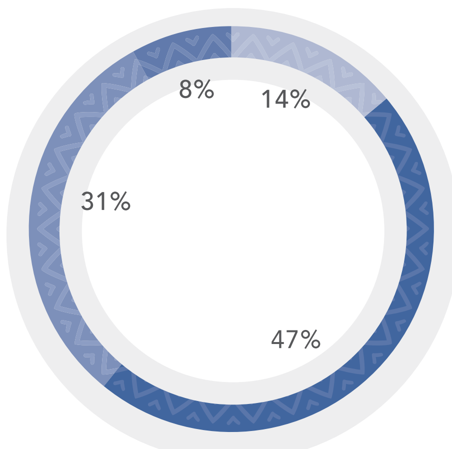
COMMERCIAL LEASING

BEIJING
SINOCHEM TOWER

Sinochem Tower, which is situated at the heart of Beijing on Fuxingmen Wai Avenue, the prime location of the business circle of Financial Street which is less than 50 metres away from the subway station of the Beijing Subway Line One, is an office building supported by sophisticated office facilities and personalised services.

Tenant structure of Sinochem Tower

- Connected Person
- Financial
- Commercial
- Others



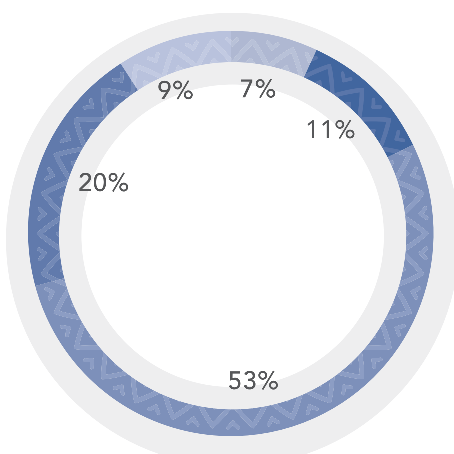
COMMERCIAL LEASING

SHANGHAI
JIN MAO TOWER – OFFICE PORTION

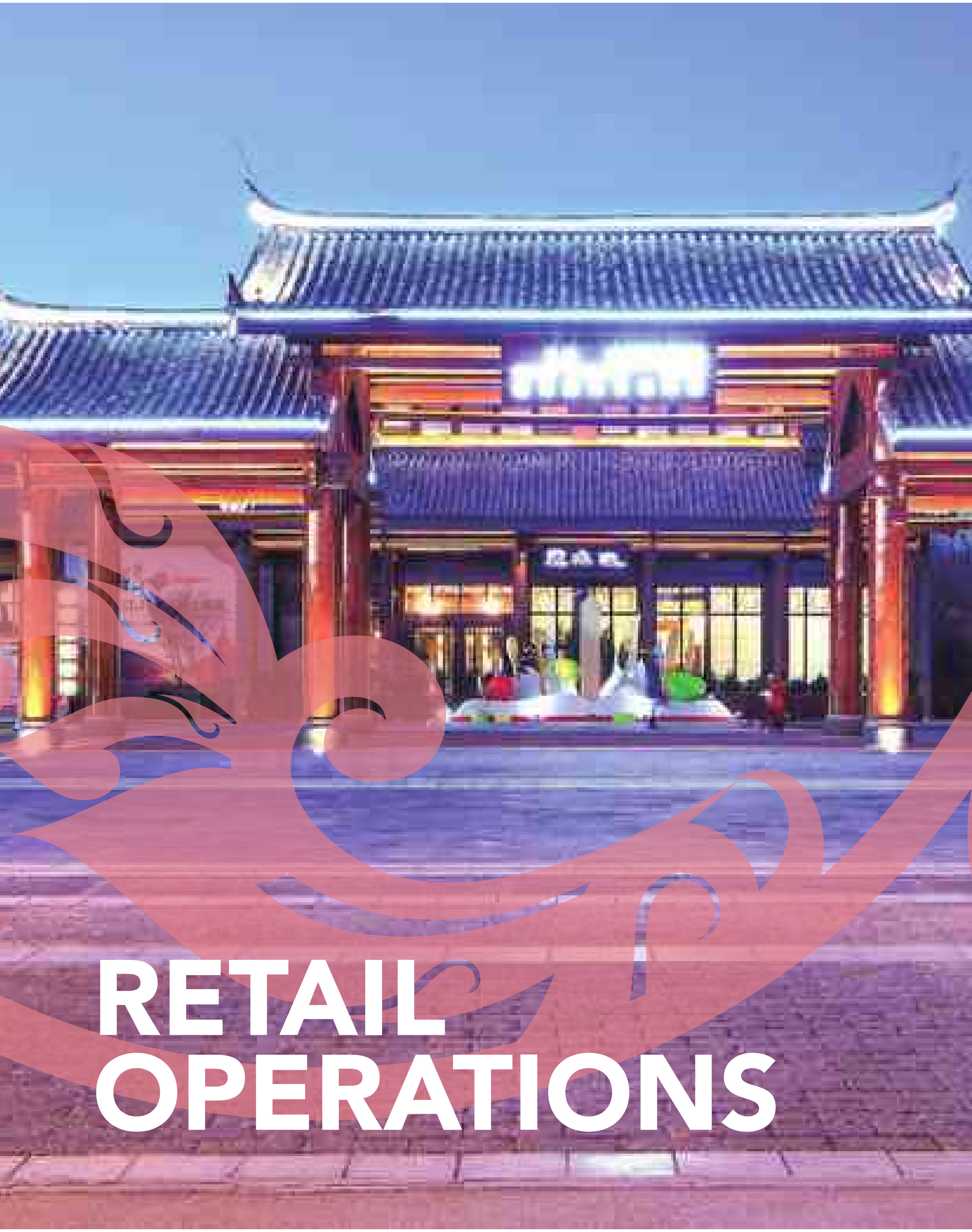
Jin Mao Tower, which is situated at the Lujiazui Finance and Trade Zone of Pudong, Shanghai, is one of China's landmark buildings. The 420.5-metre-high 88-storey tower represents a perfect combination of China's traditional architectural techniques and the world's state-of-the-art technology. Its superior landmark effects make the tower one of the first choices as place of business in Shanghai for prestigious domestic and foreign corporations.

Tenant structure of Jin Mao Tower

- Connected Person
- Financial
- Consultancy
- Trading
- Others



RETAIL OPERATIONS



NANJING
JINMAO PLACE

LIJIANG
J•LIFE

SANYA
J•LIFE

SHANGHAI
J•LIFE

RETAIL OPERATIONS

NANJING
JINMAO PLACE

Nanjing Jinmao Place, which is situated at Xuanwu lakefront within Ming City Wall, embraces a distinctive natural landscape of mountains and the lake. The project, which commenced operation in 2015, represents a unique and diversified high-end commercial complex in Nanjing.

During the Period under Review, the operation of Nanjing Jinmao Place was stable since commencement of business.

RETAIL OPERATIONS

LIJIANG
J•LIFE

Situated in Shuhe Old Town at the foot of Jade Dragon Snow Mountain, Lijiang J•Life, which commenced operation in 2014, houses a number of segments including international cuisines, unique experiences and high-end retail shops, and introduces the first "cross-border boutique experience centre" in China, offering premium quality and one-stop resort experience for vacation travellers in Lijiang.

During the Period under Review, the operation of Lijiang J•Life was stable.

RETAIL OPERATIONS

SANYA
J•LIFE

Situated in The Ritz-Carlton Sanya Yalong Bay, Sanya J•Life, which commenced operation in 2008, is the pioneer in introducing the world's first class brands to Hainan and is currently the most successful and the only luxury tourism boutique commercial project in China.

During the Period under Review, the operation of Sanya J•Life was stable.

RETAIL OPERATIONS

SHANGHAI
J•LIFE

Located in the podium building of Jin Mao Tower, Shanghai J•Life, which commenced operation in 2005, is anchored by a variety of famous brands engaging in the provision of private nursing services, financial services, retailing services and Chinese and western catering services, bringing unique and personalised living services for high-end business customers.

During the Period under Review, the operation of Shanghai J•Life was stable.

HOTEL OPERATIONS

SHANGHAI
GRAND HYATT SHANGHAI
HYATT REGENCY CHONGMING

SANYA
HILTON SANYA YALONG BAY RESORT & SPA
THE RITZ-CARLTON SANYA YALONG BAY

BEIJING
THE WESTIN BEIJING CHAOYANG
RENAISSANCE BEIJING WANGFUJING HOTEL

SHENZHEN
JW MARRIOTT HOTEL SHENZHEN

NANJING
WESTIN NANJING

LIJIANG
GRAND HYATT LIJIANG

Management Discussion and Analysis | Business Review

HOTEL OPERATIONS

During the Year, the hotel operations segment was faced with intensifying price competition. The star-rated hotels in various regions sustained their operating strategy of looking for volume instead of price and average room rate remained low. The Group adopted flexible strategies to optimise customer mix. Overall operating performance of the hotels was stable.

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2016

	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Grand Hyatt Lijiang
Average room rate	1,459	1,360	2,207	1,134	1,005	738	901	827	814
Average occupancy rate	79.8%	67.3%	74.2%	82.2%	77.4%	68.9%	52.3%	79.0%	41.5%
Average revenue per available room	1,164	915	1,637	932	778	508	471	653	338

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2015

	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Grand Hyatt Lijiang
Average room rate	1,515	1,433	2,453	1,179	1,028	790	982	751	867
Average occupancy rate	69.8%	68.7%	72.3%	79.9%	78.8%	62.9%	47.9%	65.5%	37.9%
Average revenue per available room	1,057	984	1,772	943	811	497	470	492	329

HOTEL OPERATIONS

SHANGHAI

GRAND HYATT SHANGHAI

Situated on 53rd to 87th floors of Jin Mao Tower, Grand Hyatt Shanghai was opened in 1999. The hotel has successfully hosted a series of significant activities such as the Fortune Global Forum, APEC Conference, Asian Bankers' Annual Conference, Forbes' Global CEO Conference and Shanghai Expo, representing one of the landmark hotels in Pudong, Shanghai.

HOTEL OPERATIONS

SHANGHAI
HYATT REGENCY CHONGMING

Hyatt Regency Chongming, which is located at the east of Chongming Island, being the third largest island in China and known as the "land of fish and crops", was opened in 2014. The hotel takes a modern Chinese style as its overall architectural design which naturally blends with the surrounding eco-environment.

HOTEL OPERATIONS

SANYA
HILTON SANYA YALONG BAY RESORT & SPA

Hilton Sanya Yalong Bay Resort & Spa, which is situated at the enchanting Yalong Bay, Hainan, was opened in 2006. The hotel is designed and built with unique features and services to provide an "unparalleled Resort Experience", a basic concept embodying strong southern China's characteristics.

HOTEL OPERATIONS

SANYA
THE RITZ-CARLTON SANYA YALONG BAY

Situated at the charming Yalong Bay, Hainan, The Ritz-Carlton Sanya Yalong Bay was opened in 2008. The hotel has a number of luxury suites and villas with private housekeepers and independent swimming pools, all of which are situated between the fine and silvery white sand recesses and the conservation zone of the mangrove forest of Yalong Bay.

HOTEL OPERATIONS

BEIJING
THE WESTIN BEIJING CHAOYANG

The Westin Beijing Chaoyang, which is situated at Yansha Business Circle, Chaoyang District, Beijing and adjacent to Beijing's embassy area, is only 25 minutes' ride from Beijing Capital International Airport. Since its opening in 2008, the hotel has served numerous foreign heads of state and business elites, thereby establishing a high-end brand image.

HOTEL OPERATIONS

BEIJING

RENAISSANCE BEIJING WANGFUJING HOTEL

Renaissance Beijing Wangfujing Hotel, which is situated at Wangfujing Avenue and adjacent to Tian'anmen Square and Palace Museum, was opened in 2014. The hotel adopts a unique dual-wing architecture design with an endless spectacular palaces from the Ancient Wall of the Imperial City and The Forbidden City to the west and the modernised international metropolitan clusters in the central business district ("CBD") of Wangfujing to the east, blending the modern and classic into one.

HOTEL OPERATIONS

SHENZHEN

JW MARRIOTT HOTEL SHENZHEN

JW Marriott Hotel Shenzhen, which is located in Futian District, Shenzhen and in close proximity to the Shenzhen Golf Club, was opened in 2009. Its modern tropical design concept blends into the architectural style of the hotel and the seasonal characteristics of the South China city, making the hotel one of Shenzhen's landmark superior deluxe five-star business hotels.

HOTEL OPERATIONS

NANJING
WESTIN NANJING

Westin Nanjing, which is located on 23rd to 35th floors of the South Tower in Nanjing Xuanwu Lake Jinmao Plaza, was opened in 2011. The hotel has 234 guest rooms each overlooking a panoramic view of Xuanwu Lake and Purple Mountain.

HOTEL OPERATIONS

LIJIANG
GRAND HYATT LIJIANG

Grand Hyatt Lijiang, which was opened in 2014, is situated inside Jinmao Richmond Town at the northern end of Shangri-La Avenue and connects to J•Life's exquisite commercial portion and premium quality villas. The Mountain Lodge in the scenic area, which was opened in September 2015, is situated in Ganhaizi, Jade Dragon Snow Mountain. The hotels perfectly integrate the elements of Naxi culture and modern comfort, creating an impeccable space for clients to admire the magnificent snow mountain view from their room.

FINANCE AND SERVICES

Business expansion driven by finance innovation

Going forward, the Company will devise and improve the listing platform framework of various business segments and push forward the capital operations of the hotel, office and retail segments to revitalise assets. At the same time, it will build a fund platform positioned for private equity real estate fund managers to capitalise on the platform's resource operations and business incubation capabilities in addition to diversifying the financing channels and receiving manager's emoluments and performance incentives.

During the Period under Review, China Jinmao and Macquarie Capital entered into a cooperation agreement to set up JM Capital fund management platform. The Company will make use of the platform to actively push forward the finance innovation business so as to drive the expansion of core businesses.

Unique features shaped by service innovation

By leveraging on its property resources and experience, China Jinmao will specialise in green technology R&D, green technology consulting and service, to extend the scope of business to the provision of green building whole-life cycle operations and consulting service. In addition, based on the whole-life cycle of city operations, the Company will gradually form a comprehensive service system with emphasis on property and ancillary services which features tenant recruitment and services, as supplemented by services of retail and hotel management.

During the Period under Review, capitalising on its green building resources accumulated over the years, Beijing Jinmao Green Building Technology Co., Ltd. was officially established in the first half of the Year. Looking forward, the Company will continue to make use of the innovative growth driver of green building business so as to increase its core competitiveness.

GREEN STRATEGY

We are a responsible corporate citizen who implements green development strategies. We endeavour to become the industry benchmark and the paradigm enterprise in application for green development. We integrate the leading quality resources and introduce the best concepts to more cities in China. We look forward to working with various parties in the community in building our corporate image as a responsible, green and quality property developer and becoming a well-respected and leading quality property developer!

DESCRIPTION

MAJOR ACTIVITIES AND HONOURS

VISION OF GREEN DEVELOPMENT

Management Discussion and Analysis

GREEN STRATEGY

1 DESCRIPTION

In 2016, the Group continued to implement the green strategy as a crucial soft power in achieving innovative development and differentiated competition and was ranked third among the top 10 China Green Building Operators and was ranked fifth among the top 10 China Green Building Developers according to the 2016 China Green Real Estate Development Report published by China Real Estate Business. During the Year, there were 80 additional projects granted the green label certification, accounting for more than 90% of the total number of development projects. Among them, Hangzhou "Binjiang Jinmao Palace" became the first residential project in Hangzhou being granted both the BREEAM Certification and Three-Star Green Label. In June 2016, Ningbo Jiangdong Jinmao Palace obtained the green building evaluation label (China Three Star) and became the second green technology residence in Ningbo after Nantang Jinmao Palace. Having two China Three Star winning Palace series products in the same city, the projects received wide acclaim and recognition from the market and industry. Meanwhile, with respect to Shanghai International Shipping Service Center, building nos. 1, 2 and 5 in the eastern site was granted the LEED-CS gold certification, whereas building nos. 2 and 5 in the eastern site was granted the BREEAM merit certification. Land parcels AB in Phase 1 of Qingdao Jinmao Harbour was granted the Three-Star Green Label. These honours have displayed the high-level standards and quality of Jinmao products. Upholding the positioning as "green gold city operator", China Jinmao officially kicked off the construction of Meixi Lake International New City in 2009 and built a comprehensive ecological indicator system at the initial stage of development planning, stating out the ecological development targets in eight areas from urban planning, construction planning, energy planning, water resources planning, eco-environment planning, transportation planning, solid waste planning and green culture, where were implemented through green ecological special planning. Adhering to the planning concept of "city of harmony, vitality, accessibility and enforceability", it has built a model city of sustainable development. On the other hand, the official establishment of Beijing Jinmao Green Building Technology Co., Ltd. has marked the successful upgrade of China Jinmao's "two-wheel and two-wing driven" strategy, representing an important step forward of the Group in this new era of transformation and innovation.

2 MAJOR ACTIVITIES AND HONOURS

1. China Jinmao participated in the Inauguration of Chief Engineers' Council of China Association of Building Energy Efficiency cum the 5th China Green Real Estate Chief Engineers Forum 2016

On 12 October 2016, the Inauguration of Chief Engineers' Council of China Association of Building Energy Efficiency cum the 5th China Green Real Estate Chief Engineers Forum 2016 was held in Beijing. Vice president of the Company, Mr. LIN Huaiwen, attended the forum and delivered a speech on the topic of "China Jinmao Green Practice and Green Project Management". The Company was elected as vice chairman of the council for the first session of Chief Engineers' Council of China Association of Building Energy Efficiency. The election marks the key position of China Jinmao as a state-owned enterprise in guiding various green enterprises in China.

2. China Jinmao participated in the 12th Conference on Green Building in China and Beijing Jinmao Green Building Technology Co., Ltd. was officially established

The two-day 12th Conference on Green and Energy-Efficient Building in China & New Technologies and Products Expo – the annual grand conference of the construction industry, was held in Beijing on 29 March 2016. As a leading enterprise of green real estate industry, China Jinmao attended the conference for the sixth time in a row. At the forum on "China Green Building Technology Service Sector Development Seminar cum China Jinmao's Upgrade of Green Strategy" organised by China Jinmao on 30 March 2016, Beijing Jinmao Green Building Technology Co., Ltd. was officially established.

At the green building conference, the first batch of winners of the "Leadership Award in China Green Building" was officially announced. China Jinmao was among the four property developers granted with the award. The "Leadership Award in China Green Building" is founded by the Green and Energy-Efficient Building Committee of Chinese Society for Urban Studies for the purpose of setting a role model for green building development and driving the sustainable development of green building nationwide. As an integral part of the CSUS Awards, only enterprises which have made extraordinary contributions to the development of green building are granted with such award.

GREEN STRATEGY

3. MEIXI LAKE INTERNATIONAL NEW CITY PROJECT WAS GRANTED THE HABITAT SCROLL OF HONOUR AWARD

The 3rd United Nations Conference on Housing and Sustainable Urban Development cum the 11th Global Forum on Human Settlements, a grant event drawing global attention, was held in Quito, the capital city of Ecuador in the morning on 19 October 2016. At the conference, Meixi Lake International New City won the "Global Human Settlements Award on Planning and Design", being the only PRC project to receive such an honour during the Year. The award signifies that Meixi Lake International New City has become a model internationalised eco-friendly and liveable city project where the planning of which has gained worldwide recognition.

4. OTHER AWARDS IN 2016

- Western Site of Shanghai International Shipping Service Center was titled the model green building project by the Ministry of Housing and Urban-Rural Development;
- Eastern Site and Central Site of Shanghai International Shipping Service Center were named the energy-efficient building model projects in Shanghai;
- No.3 among top 10 China Green Building Operators and No.5 among top 10 China Green Building Developers in 2016 by China Real Estate Development Report.

3 VISION OF GREEN DEVELOPMENT

The year 2016 was a year of China Jinmao for strategic and comprehensive upgrade, and also a year of exploring proactive business innovation. In 2016, the establishment of Beijing Jinmao Green Building Technology Co., Ltd. marked a milestone of China Jinmao's green strategy development. In 2017, China Jinmao will guide the product innovation and upgrade in response to the development principles and policies regarding "innovation, coordination, greening, openness and sharing" advocated under the central government's 13th Five-Year Plan with a view to achieving speedy and sustainable development.

Management Discussion and Analysis
Financial Review

REVIEW ON OVERALL RESULTS OF THE COMPANY

For the year ended 31 December 2016, profit attributable to owners of the parent amounted to RMB2,535.5 million, representing a decrease of 17% compared with RMB3,045.5 million in last year. Profit attributable to owners of the parent less fair value gains on investment properties (net of deferred tax) amounted to RMB2,069.1 million, representing a decrease of 10% compared with RMB2,310.1 million in last year.

REVENUE

For the year ended 31 December 2016, the revenue of the Group was RMB27,304.1 million, representing an increase of 54% compared with RMB17,770.7 million in last year.

Revenue by business segments

	For the year ended 31 December				
	2016		2015		
	RMB million	**Percentage of the total revenue (%)**	RMB million	Percentage of the total revenue (%)	Year-on-year change (%)
City and property development	**23,593.0**	**86**	14,384.0	81	64
Commercial leasing and retail operations	**1,274.5**	**5**	1,198.5	7	6
Hotel operations	**1,890.0**	**7**	1,814.4	10	4
Others	**546.6**	**2**	373.8	2	46
Total	**27,304.1**	**100**	17,770.7	100	54

In 2016, revenue from city and property development of the Group increased by 64% over that of the last year to approximately RMB23,593.0 million and accounted for 86% of the total revenue, which was mainly attributable to the increase in sales properties delivered and settled as compared with that of last year. Revenue from commercial leasing and retail operations grew by 6% compared with that of last year and accounted for 5% of the total revenue, which was primarily due to the performance growth of a number of the Group's office buildings. Revenue from hotel operations increased by 4% from last year and accounted for 7% of the total revenue, which was primarily attributable to the increase in revenue contribution from Grand Hyatt Shanghai, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang. Others (primarily including the property-related revenues arising from the observation deck on the 88th floor of Jin Mao Tower, property management and building decoration) accounted for 2% of the total revenue, representing an increase of 46% over that of last year, which was mainly due to the increase in revenue from the property management and building decoration business.

COST OF SALES AND GROSS PROFIT MARGIN

Cost of sales of the Group for the year ended 31 December 2016 was approximately RMB17,099.3 million (2015: RMB10,899.5 million) and the overall gross profit margin of the Group in 2016 was 37%, which decreased by two percentage points as compared with 39% of last year, mainly attributable to the increase in percentage of revenue from city and property development segment to total revenue.

The gross profit margin of city and property development of the Year remained the same as compared with that of the last year; the gross profit margin of commercial leasing and retail operations decreased as compared with that of last year; the gross profit margin of hotel operations increased as compared with that of last year. The gross profit margin of other business sectors slightly decreased as compared with that of last year.

Gross profit margin by business segments

	For the year ended 31 December	
	2016 Gross profit margin (%)	2015 Gross profit margin (%)
Overall	**37**	39
City and property development	**34**	34
Commercial leasing and retail operations	**86**	90
Hotel operations	**49**	46
Others	**14**	16

OTHER INCOME AND GAINS

Other income and gains of the Group for the year ended 31 December 2016 decreased by 32% from RMB2,190.1 million in last year to approximately RMB1,493.0 million. The decrease was mainly due to the decrease in the fair value gain on investment properties arising from the investment properties held by the Group and the decrease in the fair value gain on investment properties transferred from properties held for sale as compared with that in last year. The fair value gain on investment properties arising from the investment properties held by the Group amounted to RMB728.6 million, representing a decrease of 27% as compared with RMB995.3 million in last year. The fair value gain on investment properties of the Group transferred from properties held for sale amounted to RMB53.9 million, representing a decrease of 81% as compared with RMB279.3 million in last year.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses of the Group for the year ended 31 December 2016 increased by 2% to RMB804.6 million from RMB787.3 million in last year, mainly due to the increase in selling and marketing expenses of Hangzhou Binjiang Jinmao Palace Project, Ningbo Jiangdong Jinmao Palace Project, Changsha Meixi Lake Jinmao Palace Project and Guangzhou Nansha Jinmao Harbour Project. Selling and marketing expenses comprise primarily the advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations. Selling and marketing expenses accounted for 3% (2015: 4%) of the Group's total revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the year ended 31 December 2016 amounted to RMB1,561.7 million, representing an increase of 26% from RMB1,235.9 million in last year. The increase was mainly attributable to the Group's business expansion and the increase in general office expenses. Administrative expenses mainly comprise staff costs, consultancy fees, entertainment expenses, general office expenses and depreciation expenses. Administrative expenses accounted for 6% (2015: 7%) of the Group's total revenue.

FINANCE COSTS

Total interest expense of the Group for the year ended 31 December 2016 was RMB2,421.6 million, representing an increase of 9% from RMB2,216.1 million in last year, mainly attributable to the new issuance of bonds and increase in loans during the Year. For the year ended 31 December 2016, interest expense capitalised by the Group amounted to RMB1,693.0 million, representing a decrease of 4% from RMB1,759.6 million in last year, mainly due to the decrease in capitalisation of interest expense on general borrowings during the Year. Accordingly, finance cost for the year ended 31 December 2016 amounted to RMB728.7 million, representing an increase of 60% from RMB456.4 million of last year.

INCOME TAX EXPENSE

The Group had an income tax expense of RMB3,717.1 million for the year ended 31 December 2016, representing an increase of 61% from RMB2,307.2 million in last year. The increase in income tax expense was primarily attributable to the substantial increase in land appreciation tax over that of last year due to significant increase in sales revenue from the city and property development segment and the increase in PRC corporate income tax expenses (current and deferred) due to the increase in profit before tax during the Year. The Group's effective income tax rate for 2016 was 45% (2015: 36%), which increased from that of the last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2016, profit for the Year amounted to RMB4,573.7 million, representing an increase of 12% compared with RMB4,101.1 million in last year, mainly due to the growth in the sales of properties delivered and settled in 2016. For the year ended 31 December 2016, profit attributable to owners of the parent amounted to RMB2,535.5 million, representing a decrease of 17% compared with RMB3,045.5 million in last year, mainly due to the percentage of the equity interests of the Group in Shanghai International Shipping Service Center Co., Ltd., which contributed significant profit for the Year, is only 50%. Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax, amounted to RMB2,069.1 million, a decrease of 10% compared with RMB2,310.1 million in last year.

Basic earnings per share for the Year were RMB23.76 cents, a decrease of 22% compared with RMB30.64 cents in last year. The decrease in basic earnings per share was primarily attributable to the decrease in the profit attributable to owners of the parent for the Year compared with that in last year and the increase in weighted average number of ordinary shares in issue during the Year used in the calculation of basic earnings per share from 9,938,244,662 shares in 2015 to 10,671,810,609 shares in 2016. Basic earnings per share excluding fair value gains on investment properties, net of deferred tax, was RMB19.39 cents (2015: RMB23.24 cents).

In October 2010, the Group issued perpetual convertible securities in the amount of US$600 million. In June 2016, the Company repurchased the above perpetual convertible securities in the amount of US$200 million. It resulted in a dilution of earnings per share. Upon dilution, earnings per share of the Company amounted to RMB21.03 cents (2015: RMB26.17 cents).

Comparison of profit attributable to owners of the parent before and after fair value gains on investment properties, net of deferred tax

	For the year ended 31 December 2016 (RMB million)	2015 (RMB million)	Year-on-year change (%)
Profit attributable to owners of the parent	**2,535.5**	3,045.5	(17)
Less: fair value gains on investment properties, net of deferred tax	**(466.4)**	(735.4)	(37)
Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax	**2,069.1**	2,310.1	(10)
Basic earnings per share (in RMB cents)	**23.76**	30.64	(22)
Basic earnings per share excluding fair value gains on investment properties, net of deferred tax (in RMB cents)	**19.39**	23.24	(17)

INVESTMENT PROPERTIES

As at 31 December 2016, investment properties of the Group mainly comprised the Central and West Towers and some floors of the East Tower of Beijing Chemsunny World Trade Centre, offices of Jin Mao Tower (for lease), Sinochem Tower, office portion of Nanjing Xuanwu Lake Jinmao Plaza and Nanjing Jinmao Place, Changsha Meixi Lake International R&D Centre and Lijiang J·Life. Investment properties increased from RMB21,083.3 million as at 31 December 2015 to RMB22,029.3 million as at 31 December 2016. The increase was mainly due to the appreciation of investment properties.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2016, the current portion of properties under development comprised property development costs incurred by properties under development which have been pre-sold or are intended for sale and expected to be completed within one year from the end of the reporting period, whereas the non-current portion of properties under development comprised property development costs incurred by properties under development which have not yet been pre-sold and are expected to be completed after one year from the end of the reporting period.

Properties under development (current and non-current) increased from RMB38,222.3 million as at 31 December 2015 to RMB42,920.6 million as at 31 December 2016, mainly due to the newly acquired Ningbo Haishu Jinmao Residence Project and Hangzhou Binjiang Jinmao Palace Project and the costs newly incurred from the projects under development during the Year, which were partially offset by the transfer as a result of the completion of projects including Hangzhou Huanglong Jinmao Residence Project and Chongqing Jinmao Residence Project.

INVESTMENTS IN JOINT VENTURES

The investments in joint ventures increased from RMB973.0 million as at 31 December 2015 to RMB2,667.3 million as at 31 December 2016, mainly attributable to the increase in investment in Shanghai Jiading New City Project during 2016.

INVESTMENTS IN ASSOCIATES

The investments in associates increased from RMB1,453.7 million as at 31 December 2015 to RMB2,708.7 million as at 31 December 2016, mainly due to the addition of new investment in Beijing Fengtai Jinmao Plaza Project and Nanjing Hexi Jinmao Palace Project during the Period under Review.

PROPERTIES HELD FOR SALE

The properties held for sale increased from RMB6,316.9 million as at 31 December 2015 to RMB11,153.3 million as at 31 December 2016, which was mainly due to some buildings of Changsha Meixi Lake International Plaza Project, Ningbo Nantang Jinmao Palace Project, Guangzhou Nansha Jinmao Harbour Project and Hangzhou Jinmao Residence Project that were completed but yet to be delivered in 2016, which were partially offset by the transfer as a result of the completion and delivery of Shanghai International Shipping Service Center Project, Changsha Yuelu Jinmao Meixi Lake Project and Beijing Yizhuang Jinmao Residence Project.

LAND UNDER DEVELOPMENT

The land under development (current and non-current) increased from RMB15,400.7 million as at 31 December 2015 to RMB17,226.2 million as at 31 December 2016, mainly attributable to the increase in land costs of Nanjing Qinglong Mountain International Ecological New City Project, which were partially offset by the transfer as a result of the revenue recognition of Nanjing Qinglong Mountain International Ecological New City Project. Land under development included the land costs incurred by Changsha Meixi Lake International New City Project (including Changsha Meixi Lake Primary Development Project Phase I and Phase II as well as Changsha Meixi Lake Land Block A Primary Development Project) and Nanjing Qinglong Mountain International Ecological New City Project.

TRADE RECEIVABLES

As at 31 December 2016, trade receivables amounted to RMB6,446.5 million, representing an increase of 153% from RMB2,547.3 million as at 31 December 2015, which was primarily attributable to the increase in receivables from sales of Shanghai International Shipping Service Center Project during the Year.

TRADE AND BILLS PAYABLES

As at 31 December 2016, trade and bills payables were RMB10,830.7 million, representing a decrease of 6% compared with RMB11,574.8 million as at 31 December 2015, which was mainly due to the Group's settlement of part of the construction costs by end of the Year.

INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2016, interest-bearing bank and other borrowings (including current and non-current) were RMB47,924.8 million, representing an increase of 17% over RMB41,033.7 million as at 31 December 2015. The increase in interest-bearing bank and other borrowings was primarily due to the increase in external loans used for new project development and issue of domestic corporate bonds.

GEARING RATIO

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less restricted bank balances, cash and cash equivalents and certain other financial assets included in current assets. Adjusted capital comprises all components of equity (including non-controlling interests) as well as the amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2016 and 31 December 2015 were as follows:

	As at 31 December	
	2016 (RMB million)	2015 (RMB million)
Interest-bearing bank and other borrowings (including current and non-current)	**47,924.8**	41,033.7
Less: cash and cash equivalents	**(18,045.6)**	(10,997.0)
restricted bank balances	**(2,328.4)**	(2,757.4)
certain other financial assets included in current assets	**(71.4)**	(40.0)
Net debt	**27,479.4**	27,239.3
Total equity	**55,744.1**	49,348.7
Add: amounts due to the immediate holding company	**4,425.8**	3,571.3
Adjusted capital	**60,169.9**	52,920.0
Net debt-to-adjusted capital ratio	**46%**	51%

LIQUIDITY AND CAPITAL RESOURCES

The Group's cash is primarily used to pay for capital expenditure, construction costs, land costs (principally the payment of land grant fees and relocation costs), infrastructure costs, consulting fees paid to architects and designers and finance costs, as well as the Group's indebtedness, amounts due to and loans from related parties, and fund working capital and normal recurring expenses. The Group has financed its liquidity requirements primarily through internal resources, bank and other borrowings, issue of perpetual convertible securities, issue of notes and bonds, issue of perpetual capital securities, issue of domestic renewable corporate bonds and issue of new shares.

As at 31 December 2016, the Group had cash and cash equivalents of RMB18,045.6 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2015: RMB10,997.0 million).

As at 31 December 2016, the Group had total interest-bearing bank and other borrowings of RMB47,924.8 million (as at 31 December 2015: RMB41,033.7 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December 2016 (RMB million)	2015 (RMB million)
By term:		
Within 1 year	**12,944.0**	7,183.9
In the second year	**10,783.2**	11,897.1
In the third to fifth years, inclusive	**17,783.0**	14,706.6
Over five years	**6,414.6**	7,246.1
Total	**47,924.8**	41,033.7

Interest-bearing bank and other borrowings of approximately RMB12,944.0 million were repayable within one year and shown under current liabilities. All of the Group's borrowings are denominated in RMB, HK dollar and US dollar. As at 31 December 2016, save as interest-bearing bank and other borrowings of approximately RMB28,549.8 million that bore interest at fixed rates, other interest-bearing bank and other borrowings bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2016, the Group had banking facilities of RMB58,312.7 million denominated in RMB, HK dollar and US dollar. The amount of banking facilities utilised was RMB30,874.7 million.

The Group's net cash inflow of RMB6,997.7 million for the year ended 31 December 2016 consisted of:

A net cash outflow of RMB1,139.4 million used in operating activities, which was mainly attributable to the payment of land and construction costs, selling and marketing expenses, administrative expenses and tax charge, and was partially offset by the proceeds derived from the sales of properties, property rental and revenue from hotel operations etc.

A net cash outflow of RMB313.6 million used in investing activities, which was mainly attributable to the investment expenditure, advances of loans to joint ventures and associates and expenditure on construction of property, plant and equipment.

A net cash inflow of RMB8,450.7 million from financing activities, which was mainly attributable to the Group's issuance of perpetual capital securities, issuance of domestic renewable corporate bonds, contribution from non-controlling shareholders, new bank loans and other borrowings and was partially offset by repayments of bank and other borrowings, payment of interests, repurchase of perpetual convertible securities, payment of dividends and acquisition of non-controlling interests.

PLEDGE OF ASSETS

As at 31 December 2016, the Group's interest-bearing bank and other borrowings were secured by the Group's property, plant and equipment of RMB328.9 million, properties under development of RMB8,496.5 million, properties held for sale of RMB175.9 million, land use rights of RMB166.4 million, investment properties of RMB12,493.9 million, trade receivables of RMB21.6 million and equity interest in subsidiaries of RMB50 million.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB18,978.1 million (2015: RMB12,180.6 million).

PLANS FOR MATERIAL INVESTMENTS OR PURCHASE OF CAPITAL ASSETS

As at 31 December 2016, the Group did not have any plans for material investments or purchase of capital assets.

MARKET RISK

The Group's assets are predominantly in the form of land use rights, land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in Mainland China, these assets may not be readily realised.

INTEREST RATE RISK

The Group is exposed to interest rate risk resulting from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Increase in interest rates will increase the interest expenses relating to the Group's outstanding floating rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. The Group does not currently use any derivative instruments to manage the interest rate risk.

FOREIGN EXCHANGE EXPOSURE RISK

Substantially all of the Group's revenue and costs are denominated in RMB. Since 2016, the Group has changed to report its financial results in RMB (see below "Change to RMB as Presentation Currency"). The Group still has borrowings denominated in US dollars and HK dollars. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. Starting from March 2017, the Group has engaged in hedging to manage its currency risk, which is expected to eliminate some of the impacts arising from exchange rate fluctuations on the Group. Taking into account the transaction amount under hedging activities and the unpredictability of market exchange rate fluctuations, the Group cannot assure that these future hedging activities will protect the Group from fluctuations in exchange rates.

CHANGE TO RMB AS PRESENTATION CURRENCY

The Group's revenues, profits and cash flows are primarily generated in RMB, and are expected to remain principally denominated in RMB. As at 31 December 2016, the Group changed the currency in which it presents its consolidated financial statements from HK dollars to RMB, in order to better reflect the underlying performance and position of the Group. The comparative figures in the consolidated financial statements have also been restated accordingly. For further details regarding the change of presentation currency, please refer to note 2 to the financial statements.

Investor Relations

INVESTOR RELATIONS ACTIVITIES FOR 2016

January

Participated in the investor meeting held by Deutsche Bank in Beijing

March

Announced the annual report for 2015
– Held press conference
– Held analyst meeting
Carried out non-deal related roadshows in Hong Kong and Singapore

April

Participated in the investor meeting held by UBS in Hong Kong
Participated in the investor meeting held by HSBC in Hong Kong

May

Participated in the investor meeting held by Deutsche Bank in Singapore

June

Participated in the investor meetings held by HSBC in the UK and US
Participated in the investor meeting held by JP Morgan in Beijing
Participated in the investor meeting held by Citibank in Hong Kong

July

Participated in the investor meeting held by Morgan Stanley in Beijing

INVESTOR RELATIONS ACTIVITIES FOR 2016

August

Announced the interim report for 2016
– Held press conference
– Held analyst meeting
Carried out non-deal related roadshows in Hong Kong and Singapore
Participated in the investor meeting held by Industrial Bank in Beijing

October

Participated in the investor meeting held by Deutsche Bank in Beijing
Carried out reverse roadshows in Nanjing, Ningbo and Hangzhou

November

Participated in the investor meeting held by Bank of America Merrill Lynch in Beijing
Participated in the investor meeting held by Citibank in Macau
Participated in the investor meeting held by Morgan Stanley in Singapore

December

Participated in the investor meeting held by Nomura Securities in Hong Kong
Participated in the investor meeting held by Huatai Securities in Shenzhen

COMMUNICATION WITH SHAREHOLDERS

The Company considers that high-efficiency communication is a key factor for establishing sound interaction with its shareholders successfully. The Company has been committed to providing its existing and potential investors with accurate and timely information, and maintaining its communication with investors by various means, thereby enhancing the transparency of its information disclosure. The Company attaches great importance to the communications with shareholders and public investors to ensure them to have a good channel for voicing their opinions and advice on the Company's performance. At the same time, the Company may also explain the operation of projects and its development strategies.

The Company has constantly maintained a sound two-way communication with its shareholders, and provides information to shareholders mainly through the following channels:

- The Company's annual report, interim report and circulars – they are distributed to shareholders and investors, as well as analysts who are interested in the Company's performance pursuant to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange");

- Annual general meeting – the Chairman and other senior management of the Company are present at the meeting, answering shareholders' inquiries and exchanging opinions with them;

- The Company's interim and annual results announcement conferences – the Company announces its interim and annual results and responds to the inquiries from investors and the media;

- Voluntary disclosure of the Company's information – the Company, through different means, including investor meetings, extraordinary shareholders' meetings, telephone interviews, press releases and media interviews etc., announces major issues of the Company to the market in a timely and compliant manner pursuant the Listing Rules and the "Guidelines on Disclosure of Inside Information", and responds to the inquiries from investors and analysts in a timely manner;

- Periodic meetings with institutional investors and securities analysts on a voluntary basis – the Company provides information on its latest business development to attract more attention from the market. The management of the Company regularly participates in global non-deal related roadshow activities held after the publication of annual reports and interim reports to respond to queries related to its corporate development strategies and market outlook. These measures provide overseas shareholders with an opportunity to discuss with the management of the Company;

- Organisation of site visits – based on the development progress of its projects, the Company organises on-site visits for investors and analysts to directly visit various projects of the Company as and when necessary, and enables them to communicate with the management, so as to enhance investors' understanding of the Company's development.

In 2016, the Company's management participated in various investor meetings held across the world and global non-deal related roadshows (including those in Hong Kong and Singapore), to broaden its communication with global and Hong Kong investors. Following 2012, the Company again organised non-deal roadshows in mainland China in March 2016 to visit a number of institutional buyers. The Company also organised reverse roadshows in Nanjing, Ningbo and Hangzhou to build investors' confidence in the product quality and brand premium of the Company as well as to increase their understanding of the Company's position as a city operator. During the Year, the Company received around 100 investors and arranged over 100 investors to visit its projects in different places.

FEEDBACK FROM INVESTORS

The Company regards investors' feedback as highly important. During the Year, the Company conducted several summaries and analyses on opinions from investors and analysts to have an understanding of the effectiveness of its investor relations function in a timely manner. The Company will further improve the quality of communication based on the investors' feedback to facilitate better communication with investors and analysts in future.

MARKET RECOGNITION AND HONOURS

China Jinmao's 2015 annual report gained nine awards at the 30th International ARC Awards held in 2016, and three of them were gold prizes. It is worth noting that China Jinmao won two gold prizes and one bronze prize in the election of "Awards for Overall Annual Report" among the fiercest competition, making it become the major Hong Kong listed real estate enterprise that received the highest number of prizes and gold prizes for the year of 2015. This shows that the efforts made by the Company in investor relations and its information disclosure are widely recognised in the industry.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

The Company will continue to progressively strengthen its efforts on investor relations to facilitate better communication with public investors and analysts. The Company is committed to ensuring the full compliance with the disclosure obligations under the Listing Rules and other applicable laws and regulations. In terms of compliance, we will continue to deliver to the investors all over the world the Company's latest information and to enhance the Group's corporate governance standards and transparency in order to gain more trust and support from investors.

CONTACT DETAILS FOR INVESTORS:

Tel: 852-28299518, 86-10-59368820
Fax: 852-28240300, 86-10-59369901
E-mail: chinajinmao_IR@sinochem.com

Corporate Social Responsibilities

The Group endeavours to become a leading city integrated developer and operator in China. Adhering to the core philosophy of "Creating Value and Pursuing Excellence", we put great efforts to integrate the concept of corporate social responsibilities into various segments of our operations to maximise the integrated value for the economy, society and environment.

CREATING EXCELLENT VALUE FOR SHAREHOLDERS

Insisting on the philosophy of "Pursuing Excellence" in striving for sales performance and backed by the trust and support from shareholders, we push ahead our management of various areas to create and enhance economic benefits.

Strengthening investor relations management. We strengthen the communication with investors and media to increase their awareness on and recognition of the Company. In 2016, the Group participated in a total of 15 investor meetings at home and abroad to provide domestic and overseas investors with the latest updates on the investment and operating conditions of the Company in a timely manner, bringing them good news. We had 64 publications on the Hong Kong Stock Exchange including announcements, circulars and the interim report and the annual report to ensure the completeness, accuracy and compliance of information disclosure as a listed company, and to disseminate news of the listed company to the market.

Strengthening financial management. The Group explores new financial channels and means to reduce finance costs and consolidate growth foundation. The Group maintained sound credit rating, and successfully issued US$500 million subordinated guaranteed perpetual capital securities outside China and obtained Ba2 debt rating issued by Moody's. Attaching great importance to innovative financing instruments, we issued the CMBS on the domestic stock exchange for the first time, setting the record of the lowest financing cost for domestic securitisation products in the domestic capital market for the period.

Pushing ahead comprehensive risk management. We have comprehensively identified the risks of different business segments and strengthened our efforts of risk management. No material risk event was identified. The Group has strengthened the management of legal risks, amended the "Legal Risk Prevention and Control Manual", further elaborated the contents on the legal risks associated with the operation and management of self-owned properties, and optimised the whole-process risk management strategies and solutions. In addition, the Group has carried out training on laws and enhanced the employees' awareness on risk prevention with a rate of 100% of the contracts reviewed by legal specialists.

Preventing corruption and bribery. The Group promotes a clean culture and regulates its business operations. We have taken a top-down approach in carrying out clean risk identification activities, entered into letters of responsibility and undertaking in relation to clean culture development on a hierarchical basis, and built a clean contract meeting mechanism. A clean operations seminar is held on a quarterly basis and disciplinary inspections are carried out. Reporting hotline, email and mailbox are in place to diversify the channel of reporting.

BUILDING THE GOLD QUALITY FOR OUR CUSTOMERS

Adhering to the mission that "customer's demand is our pursuit", we strive to enhance the quality of buildings, accelerate and optimise the customer service system, diversify the communication channels with customers, and enhance the customer satisfaction level.

Guaranteeing product quality. The Company insists on a customer-oriented approach and implements a quality control test system. We have named the year 2016, i.e. the second year since the commencement of "rock campaign" as the year of enhancing the quality of the Company. We focused on key areas such as design, construction, procurement and costing to form a whole-process quality control system that covers the whole-life cycle of products to strictly control the quality of the products, enhance customer satisfaction, and consolidate our image as a property developer providing "multi-dimensional ancillary, premium value experience, convenient and carefree" services.

Strengthening customer relationship management. Pushing ahead the "casting sword campaign", the Group has fully kicked off China Jinmao's era of standardised customer service. By improving the systems, focusing on areas of weakness, strengthening the management and consolidating the foundation, we have developed a Jinmao featured customer service system that meets the ultimate goal of enhanced professionalism, enhanced customer service awareness and industry benchmarked customer satisfaction. The Group attaches great importance to customer communication and relationship. The China Jinmao brand IP – "China Jinmao Charity" (金宴中國) has become the platform of Jinmao on community and cultural development as well as neighbourhood relationship. The Group has introduced a standardised customer service hotline across the nation as a communication platform for landlords which seriously and strictly handles each customer complaint. The Group also regulates the process of handling various customer complaints to strengthen complaint handling capability and reduce the risk of complaint escalation.

CONTRIBUTING A CULTURE OF GREEN FOR OUR ENVIRONMENT

Upholding the green strategy, the Group takes the lead in the transformation to a low-carbon real estate industry and works hand in hand with other stakeholders to build a green future by applying leading green building ideas and state-of-the-art low-carbon green technology to the whole-life cycle of buildings. In 2016, our Changsha Meixi Lake International New City Project won the "Global Human Settlements Award on Planning and Design".

Developing green buildings. In 2016, the Group was granted 21 additional green building labels covering a GFA of approximately 2.19 million square metres. The Group was granted financial subsidies of RMB8.39 million and won four new green building awards. During the whole-life cycle of buildings, the Group strives to minimise the impacts of its buildings on the environment.

Promoting green development. The Group participated in the 12th Conference on Green Building in China and organised the "Green Building and Technology Industry Development in China and China Jinmao Green Strategic Upgrade" forum. At the forum, Beijing Jinmao Green Building Technology Co., Ltd. was officially established to push ahead the upgrade of the green strategy of the Group comprehensively, build a platform for green technology R&D and green technology innovation of China Jinmao, and provide energy efficient green building, redevelopment of old buildings and green financial services. As a new driver of green building business, it serves to propel the implementation of the Company's green strategy. The Group has been included among the first batch of members of the "Green Commercial Building Professional Committee of the Council of China Association of Building Energy Efficiency" and was named the vice chairman of the council, which had a positive effect in promoting the development of and cooperation on green, low-carbon and sustainable commercial buildings in China.

Fulfilling environment and charity responsibilities. The Group joined hands with online running platforms such as Codoon and Runnar to organise the "Run Green China Challenge Q3 – Go Run" event which gathered around more than 10,000 runners from 11 cities to call for public awareness on green, low-carbon and healthy lifestyles and unleashed the vitality of the city. The Group also organised a myriad of activities such as Energy Saving Promotion Week and National Low-Carbon Day to raise awareness among its employees, tenants and merchants on energy saving and call for initiative and positivity regarding energy saving in daily life to create a strong energy saving environment.

FACILITATING A WIN-WIN PATH FOR OUR PARTNERS

Sticking to the principle of "win-win cooperation", we share resources with partners such as banks and suppliers, synergise with their professional strengths and co-develop with them to achieve sustainable development on a win-win basis.

Strengthening win-win cooperation. To strengthen the cooperation with banks and peers, we have entered into a strategic cooperation agreement with Minsheng Bank to generate synergies arising from the resources of both parties on project development, innovation business and financial service. Jinmao Hotel has entered into a strategic cooperation agreement with Ctrip to maintain closer cooperation between its hotels and Ctrip in areas of branding, channels and products.

Promoting industry growth. The Group has actively engaged in industry exchanges to share experience and promote industry development. As vice president of the China Real Estate Association, we have engaged in widespread cooperation with the association in areas of integrating government resources across the sector and redevelopment of old buildings. As vice chairman of the Green Commercial Building Professional Committee of the Council of China Association of Building Energy Efficiency, we actively promote exchanges and cooperation on green, low-carbon and sustainable development of green commercial buildings in China. We participated in the 12th Conference on Green Building in China and organised the "Green Building and Technology Industry Development in China and China Jinmao Green Strategic Upgrade" forum to guide the direction of green building development. Our article on "Whole-cycle management of commercial properties by enhancing value creation capabilities" (《提升價值創造能力的商業地產全週期管理》) won the second prize of the National Corporate Management Modernisation and Innovation Achievement (全國企業管理現代化創新成果二等獎), which summarised and promoted our innovation experience in the new era of commercial property management and disseminated our state-of-the-art management theory and methodology.

Enhancing suppliers' performance accountability. We have optimised the supplier management system and issued four standards and 10 guidelines. In addition, we carry out half-yearly and yearly appraisal on contractors and suppliers to strengthen quality supplier resources and establish the win-win concept with contractors and suppliers. We also regard environmentally-friendly and recyclable raw materials procurement as pre-requisite conditions for selection of strategic suppliers.

BUILDING A HAPPY HOME FOR EMPLOYEES

With adherence to the philosophy of "creation, sharing and growth together", the Group considers its employees as the most valuable asset and upholds a people-oriented approach in an effort to provide sound working environment and extensive development platform for its employees. As at 31 December 2016, the Group had 9,736 employees.

Safeguarding employees' basic interest: The Group has built a democratic management mechanism to maximise the protection of its employees' legal interest. The Group adheres to the principle of equal employment and optimises its employees' team structure to build a harmonic employer-employee relationship. Labour contract rate is 100%. The Group fixes the remuneration based on position after taking into full account the individual capabilities and performance to enhance the incentives of the remuneration. The Group purchases social insurance for all of its employees and provides supplementary business group medical insurance for its employees and their children aged under 21. The democratic management and democratic supervision system is based on employee representative meetings. The Group endeavours to increase the transparency of corporate matters and has built a disclosure system for corporate matters and a bulletin board for corporate matters disclosure to understand employees' demands in a timely manner. The Group hosts the general manager open day as a "fast lane" for employees to meet with various department heads to hear their feedbacks. The union establishment rate is 100% and the membership rate is 100%.

Protecting employee benefits: The Group provides competitive remuneration packages and strengthens the interaction between remuneration and work performance to stimulate the employees' work initiatives. The remuneration system comprises mainly of job salary, as supplemented by various forms of allocation and a mid- to long-term incentive mechanism. Specific remuneration is determined based on competence, performance appraisal and position compatibility, and is adjusted regularly with reference to market rates. The Group actively promotes the long-term incentive mechanism such as share option scheme to share the achievements with its employees. The Group strives to improve the system of employee benefits to resolve the worry of employees in future. In addition to various basic social security benefits, the Group provides a variety of employee benefits including corporate annuity and supplementary medical insurance to safeguard the work and life of employees from multiple perspectives.

Protecting employees' health and safety: In addition to optimising the health, safety and environment ("HSE") management system and organisation system, the Group has built a three-level occupational health and safety management system by improving the HSE training programmes and matrix, organising various HSE training events such as responders, as well as conducting occupational health and safety promotion week, production safety month and fire control safety promotion week with a view to increasing the employees' safety capabilities and awareness. In 2016, the Group committed RMB40,563,600 to production safety and 34,250 employees participated in production safety training. No incident of material production safety occurred. 312 occupational health and safety trainings were held and 41,899 employees participated in the HSE training. Total number of training hours amounted to 61,899 hours. China Jinmao was accredited with the advanced unit in the "Production Safety Month" and "Production Safety Walkathon" nationwide events in 2016 by the Office of Work Safety Committee of the State Council.

Facilitating employees' growth: The Group actively provides a variety of trainings and growth opportunities for its employees. While enriching the model, channel and content of training, the Group integrates its internal training resources to promote knowledge transfer, sharing and communication in building a learning environment. Throughout the Year, the number of average training hours per employee was 23.1 hours. The "management-profession" dual channel talent development system was established with 15 profession orders. Each year, more than 200 employees pass the profession orders and get promoted.

Caring for employees: To enrich the life of employees and cater for their multi-level needs, the Group provides a half-day body check paid leave to ensure that employees have a healthy body and upbeat spirit at work. The Group has introduced the "Boundless heart · Jinmao Happiness" employee assistance programme ("EAP") to show its care for employees' mental health. An assistance system has also been built for distressed employees. In 2016, the Group committed more than RMB300,000 to help the employees in distress.

DELIVERING BOUNDLESS LOVE FOR OUR COMMUNITY

Adhering to the mission of "alleviating poverty, actively participating in charity and building a harmonious community", the Group actively takes part in social welfare service. Since 2007, the Group has been proactively engaging in charity activities including education and medical welfare.

Promoting the systemic development of public welfare management: China Jinmao Charity Foundation has been established with emphasis on poverty alleviation, education, greening and medical healthcare. The Group has integrated China Jinmao's resources across the Group to coordinate with a series of charitable events in relation to education assistance, poverty alleviation and disaster relief, highlighting the need of the underprivileged to improve their living environment, standard of living and continue their education.

Focusing on targeted poverty alleviation: In response to the central government's policy that calls for "targeted poverty alleviation", the Group has taken an active approach to explore the model targeted poverty alleviation from point to area. The Group also devoted its efforts to fulfilling the children's dream of education and raised total funding of RMB470,800 to provide education assistance to deprived students in Tibet, Inner Mongolia and Qinghai. The Group carried out "Southwest Charity Walk" public welfare activities in Hunan, Chongqing, Guizhou and Lijiang to support education development in the deprived areas of Southwest China and to care for young children and ensure their healthy growth. "China Jinmao Mobile Library" has been established to improve the basic education facilities in the deprived areas. This not only builds a better reading environment for children, but also helps the youth grow.

Giving back to the community: The Group actively participates in community projects such as low-income housing construction, redevelopment of old buildings and basic facilities development to improve the community environment. The Group has also joined hands with Poly Property and C&D Real Estate to develop Shanghai Jiading E27-01 Project. The project includes the construction of low-income housing of 6,930 square metres, which will be transferred to the government at nil consideration upon completion. The Group also works with Future Land to develop Shanghai Hongkou Guangyue Road Project. The project includes the construction of low-income housing of 2,745 square metres, which will also be transferred to the government at nil consideration upon completion. At the same time, community administration and medical healthcare facilities of 2,000 square metres will also be constructed.

Profile of Directors and Senior Management

Mr. NING Gaoning

Mr. LI Congrui

Mr. YANG Lin

Mr. CUI Yan

Mr. JIANG Nan

Mr. LAU Hon Chuen, Ambrose

Mr. SU Xijia

Mr. GAO Shibin

Mr. AN Hongjun

Profile of Directors and Senior Management

DIRECTORS

Mr. NING Gaoning

Chairman and Non-executive Director

Mr. NING, who was born in November 1958, joined the Company in May 2016 as Chairman and Non-executive Director. Mr. NING joined Sinochem Group in January 2016, and currently serves as the chairman of the board of directors of Sinochem Group, Sinochem Corporation and Sinochem Hong Kong (Group) Company Limited. He also serves as the chairman of the board of directors of Far East Horizon Limited (stock code: 03360). Mr. NING served as the chairman of the board of directors of Sinofert Holdings Limited (stock code: 00297) from 8 March 2016 to 7 December 2016. From October 1986 to December 2004, Mr. NING held various senior positions in China Resources (Holdings) Company Limited, including business manager and deputy general manager of enterprise development department, director and deputy general manager and vice chairman and general manager. Mr. NING served as the chairman of the board of directors of COFCO Corporation and a director of certain of its subsidiaries from December 2004 to January 2016. Mr. NING held various positions such as chairman of the board of directors of China Mengniu Dairy Company Limited (stock code: 02319) and a non-executive director of China Foods Limited (stock code: 00506), China Agri-Industries Holdings Limited (stock code: 00606) and CPMC Holdings Limited (stock code: 00906) until February 2016. In addition, Mr. NING also served as an executive director of China Foods Limited until November 2013. Mr. NING was also an independent director of Huayuan Property Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code: 600743) until November 2014 and an independent non-executive director of BOC Hong Kong (Holdings) Limited (stock code: 02388) until October 2014. Mr. NING has nearly 30 years' experience in real estate development and investment, business management, capital market and discipline inspection and internal control. Mr. NING graduated from Shandong University in China with a bachelor's degree in Politics and Economics in 1983 and graduated from University of Pittsburgh in the United States with a master's degree in Business Administration in 1986. He was awarded the title of economist and senior international business engineer in 1987 and 2007, respectively. Currently, Mr. NING is a member of the 18th Central Commission for Discipline Inspection of the Communist Party of China (CPC), a member of the "13th Five-Year Plan" National Development Planning Expert Panel, co-chairman of APEC Business Advisory Council (ABAC), chairman of APEC China Business Council, and an executive director of the International Chamber of Commerce (ICC). Mr. NING was awarded "CCTV China Economic Person of the Year" for three times, China's "Annual Top 25 Most Influential Business Leader Awards" by China Entrepreneur for 10 consecutive years, "China's Most Influential Business Leaders" by Fortune, "Asia Business Leader" Awards" by CNBC, and "Asian Corporate Director" by Corporate Governance Asia. From 2007 to present, Mr. NING has been a delegate of the 17th and 18th National Congress of the CPC respectively.

Mr. LI Congrui

Executive Director and Chief Executive Officer

Mr. LI, who was born in March 1971, joined the Company in April 2009 as the Vice President. Mr. LI has been serving as an executive Director of the Company since June 2011 and an executive Director and the Chief Executive Officer of the Company since January 2013. Mr. LI also holds positions in a number of subsidiaries of the Company. He has been serving as a non-executive director of Jinmao (China) Hotel Investments and Management Limited and Jinmao (China) Investments Manager Limited since 25 March 2014, and has been the chairman of the board of directors since 29 April 2016. Mr. LI also has been serving as the chairman of the board of directors of Sinochem Franshion Properties (Beijing) Co., Ltd. and Jinmao Investment (Changsha) Co., Ltd., and an executive director of Jinmao Investment Management (Shanghai) Co., Ltd. Mr. LI joined Sinochem Group in 1997, and had held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corp. From 2003 and prior to joining the Company, Mr. LI was a director and the general manager of Zhoushan State Oil Reserve Base Company Limited. Mr. LI has over 20 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large project construction. Mr. LI obtained a bachelor's degree in Petroleum Geology and Exploration from the Petroleum Department of China University of Geosciences (Wuhan) in 1994. He earned a master's degree in Petroleum Development from the Research Institute of Petroleum Exploration & Development in 1997 and an Executive Master of Business Administration degree from China Europe International Business School (CEIBS) in 2007.

Mr. YANG Lin

Non-executive Director

Mr. YANG, who was born in January 1964, joined the Company in February 2014 as a non-executive Director. Mr. YANG joined Sinochem Group in 1994 and had held various positions, including deputy general manager of the finance and accounting department, general manager of the finance department, deputy general manager of the investment and development department, general manager of the fund management department, deputy chief accountant of Sinochem Group, and deputy chief financial officer of Sinochem Corporation. Mr. YANG is currently the chief accountant of Sinochem Group and the chief financial officer of Sinochem Corporation. He also holds directorships and senior management positions in various subsidiaries and/or affiliates of Sinochem Group. Mr. YANG was a supervisor of China State Construction Engineering Corporation Limited, a company listed on the Shanghai Stock Exchange with stock code: 601668, from 2007 to 2010. Since October 2009, Mr. YANG has been a non-executive director of Far East Horizon Limited (of which Sinochem Group is a substantial shareholder with stock code: 03360). Mr. YANG has been a director of Sinochem International Corporation, a subsidiary of Sinochem Group listed on the Shanghai Stock Exchange (stock code: 600500) since June 2010. Mr. YANG has been a non-executive director of Sinofert

Profile of Directors and Senior Management

Holdings Limited (stock code: 00297), a subsidiary of Sinochem Group since August 2010. Mr. YANG has over 20 years' experience in fund management. Mr. YANG worked at Siemens AG and Wella AG from 1993 to 1994. Mr. YANG graduated from Tianjin University of Commerce with a bachelor's degree in Commercial Enterprise Management in 1985. He pursued a study of enterprise management courses in University of Stuttgart in Germany from 1990 to 1993.

Mr. CUI Yan

Non-executive Director

Mr. CUI, who was born in January 1970, joined the Company in June 2015 as a non-executive Director. Mr. CUI joined Sinochem Group in 2002 and worked in the industrial mechanical business department of Sinochem International Tendering Co., Ltd. Prior to that, Mr. CUI worked in the import business department of China Industrial Machinery Import and Export Corporation. Since 2008, Mr. CUI has served as the general manager of the industrial mechanical business department of Sinochem International Tendering Co., Ltd, and the assistant general manager and deputy general manager of Sinochem International Tendering Co., Ltd. In 2010, Mr. CUI served as the deputy general manager of the human resources department of Sinochem Group. Mr. CUI is currently serving as the chief human resources officer of Sinochem Group. Mr. CUI has nearly 20 years of experience in marketing and corporate governance. Mr. CUI graduated from the Beijing Institute of Technology, majoring in mechanical design and manufacturing, and received his bachelor's degree and master's degree in 1991 and 1994, respectively.

Mr. JIANG Nan

Executive Director and Chief Financial Officer

Mr. JIANG, who was born in April 1973, joined the Company in January 2006 as the Chief Financial Officer of the Company and has been involved in the day-to-day management of the Company since then. Mr. JIANG served as an executive Director of the Company from 2007 to 2011, and has been an executive Director of the Company since 25 August 2015. Mr. JIANG also holds positions in a number of subsidiaries of the Company and has been a non-executive director of Jinmao (China) Hotel Investments and Management Limited and Jinmao (China) Investments Manager Limited since 25 March 2014. He is in charge of the direction and management of the Company's accounting and finance, capital market, investor relations and budget assessment. He joined Sinochem Group in August 1995 and worked in the finance department of Sinochem Group from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong from August 2002 to January 2006, responsible for handling the financial management and investment projects, and the operation of overseas funds of Sinochem Group. Mr. JIANG has over 20 years of experience in corporate finance and accounting management. Mr. JIANG earned a bachelor's degree in finance from China Institute of Finance in 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Accounting Qualification Certificate in 1999 and is now a member of the Association of International Accountants (AIA).

Mr. LAU Hon Chuen, Ambrose

Independent non-executive Director, G.B.S., J.P.

Mr. LAU, who was born in July 1947, has been an independent non-executive Director of the Company since March 2007. He is a senior partner of Messrs. Chu & Lau, Solicitors & Notaries. Mr. LAU is currently a standing committee member of the National Committee of the Chinese People's Political Consultative Conference. He is also a Justice of the Peace. In 2001, Mr. LAU was awarded the "Gold Bauhinia Star" by the Hong Kong Government. Mr. LAU is currently an independent non-executive director of the following listed companies: Brightoil Petroleum (Holdings) Limited, Glorious Sun Enterprises Ltd., Yuexiu Property Co., Ltd., Yuexiu Transport Infrastructure Limited, Joy City Property Limited (formerly known as The Hong Kong Parkview Group Ltd.) and The People's Insurance Company (Group) of China Limited. He served as an independent non-executive director of Beijing Enterprises Holdings Limited between 1997 and 2008; an independent non-executive director of Qin Jia Yuan Media Services Co., Ltd. between 2003 to 2012. He is also a director of OCBC Wing Hang Bank Ltd., OCBC Wing Hang Bank (China) Limited, Bank of China Group Insurance Co., Ltd., BOC Group Life Assurance Co., Ltd., Nanyang Commercial Bank, Ltd., Cinda Financial Holdings Co., Limited, Chu & Lau Nominees Ltd., Sun Hon Investment & Finance Ltd., Wydoff Ltd., Wytex Ltd., Wyman Investments Limited, Trillions Profit Nominees & Secretarial Services Limited, Helicoin Limited and Polex Limited. Mr. LAU also served as the chairman of the Central and Western District Board between 1988 and 1994, the president of the Law Society of Hong Kong from 1992 to 1993, a member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council). Mr. LAU obtained a Bachelor of Laws degree from the University of London in 1969. He is a solicitor of the High Court of Hong Kong, an attesting officer appointed by Ministry of Justice, the PRC and a notary public.

Mr. SU Xijia

Independent non-executive Director

Mr. SU, who was born in September 1954, has been an independent non-executive Director of the Company since March 2007. He was an assistant professor in 1996 and was subsequently promoted as an associate professor in the Department of Accountancy of City University of Hong Kong. He joined China Europe International Business School (CEIBS) in July 2010 as a professor of accounting. His research focuses on corporate governance and auditing practices of the PRC listed companies. He has also been appointed as the special researcher by the CICPA since 2005. He has given lectures at the China Securities Regulatory Commission, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, major commercial banks and various universities in China. He was an independent director of Shenzhen SEG Co., Ltd. and Shenzhen Topray Solar Co., Ltd. from 2002 to 2008, and from 2007 to 2010, respectively. He was an independent director of World Union Property Consultancy (China) Limited from 2007 to 2013, and an independent director of Huazhong Holdings Company Limited from 2011 to 2013. From 2010 to 2016, he served as an independent director of Sundy Land Investment Co., Ltd. Currently, he serves as an independent director of Shenzhen Ellassay Fashion Co., Ltd. and a non-executive director of Jiangsu Changbao Steel Tube Co., Ltd. Mr. SU has over 20 years of experience in corporate governance and accounting practice. Mr. SU

Profile of Directors and Senior Management

earned a bachelor's degree in Accounting from Xiamen University in 1982. He obtained his PhD degree from Concordia University of Canada in 1996.

Mr. GAO Shibin

Independent non-executive Director

Mr. GAO, who was born in March 1964, has been an independent non-executive Director of the Company since November 2015. Mr. GAO served as an independent non-executive Director of the Company from July 2007 to June 2011. He is concurrently a China board member of the Royal Institution of Chartered Surveyors. Mr. GAO worked for the Beijing office of Jones Lang LaSalle from April 2003 to May 2008 and was a national director before departure. He served as the managing director for China of Standard Chartered Asia Real Estate Fund Management Company from June 2008 to September 2009. He was the managing director of Tishman Speyer Properties from October 2009 to October 2015. Mr. GAO worked as a project manager, a senior business manager and a senior investment manager for several investment and project management companies in the UK, Hong Kong and Canada between 1996 and 2003. Mr. GAO has over 20 years of experience in real estate development and investment, real estate finance and asset management. Mr. GAO obtained a bachelor's degree in Civil Engineering and a master's degree in Building Economics and Management from Tsinghua University in 1987 and 1989, respectively. He obtained his PhD degree in Property Development and Management from the University of Manchester in the UK in 1998. Mr. GAO is a member of the Royal Institution of Chartered Surveyors and an assessor of this institution membership qualification.

Mr. AN Hongjun

Non-executive Director

Mr. AN, who was born in July 1975, has been a non-executive Director of the Company since November 2015. Mr. AN joined New China Asset Management Corporation Limited in May 2010 and served successively as the deputy general manager of the project investment department (in charge of daily operations) and the general manager of the international business department. He has been an executive director and the president of New China Asset Management (Hong Kong) Limited since April 2013. Prior to joining New China Asset Management Corporation Limited, Mr. AN had held various positions, including project manager, macro researcher and research analyst, in Northeast Securities Co., Ltd., The People's Insurance Company (Group) of China Limited and China Life Franklin Asset Management Company Limited. Mr. AN has over 15 years' practical experience in securities, insurance and investment sectors, and has mastered a general knowledge in macroeconomic, securities investment and real estate industries, and developed an in-depth study in corporate governance, development strategy, etc. Mr. AN obtained his bachelor's degree in Economics at Jilin University in 1998, and the master's degree in Economics at Jilin University in 2002, and then the doctor's degree in Economics at Jilin University in 2006. Mr. AN obtained the Securities Practitioner Qualification Certificate issued by the Securities Association of China and the license to carry on businesses including advising on securities and asset management granted by Securities and Futures Commission of Hong Kong.

Profile of Directors and Senior Management

Ms. LAN Haiqing

Mr. GAI Jiangao

Mr. SONG Liuyi

Mr. LIU Feng

Mr. WEN Xiong

Mr. LIAO Chi Chiun

OTHER SENIOR MANAGEMENT

Ms. LAN Haiqing

Ms. LAN, who was born in July 1966, has been the Vice President of the Company since December 2007 and the Senior Vice President of the Company since 1 March 2017. Ms. LAN successively served as the deputy general manager and general manager of Sinochem Qingdao Golden Beach Hotel from May 1997 to March 2002, the general manager and chairman of Wangfujing Hotel Management Co., Ltd. between March 2002 and December 2007. She has been a non-executive director of Jinmao (China) Hotel Investments and Management Limited and Jinmao (China) Investments Manager Limited since 29 April 2016. She is currently a director of Sinochem Franshion Properties (Beijing) Co., Ltd., Jinmao Investment (Changsha) Co., Ltd. and China Jin Mao Group Co., Ltd. Ms. LAN has over 20 years of hotel management experience and has accumulated extensive experience in the appraisal and analysis of investments, product positioning and project operational management of real estate complex projects. Ms. LAN graduated from Ocean University of China and Shandong University with an executive master's degree in Business Administration in 1988 and 1998, respectively, and obtained a master's degree from Les Roches School of Hospitality Management in Switzerland in June 2000.

Mr. GAI Jiangao

Mr. GAI, who was born in November 1974, has been the Vice President of the Company since January 2007, the General Counsel of the Company since October 2011 and the Senior Vice President of the Company since 1 March 2017. Mr. GAI joined Sinochem Group in July 2000, in charge of litigation matters and legal matters in real estate industry, and served as the deputy general manager of the legal department from November 2005 to January 2007. Prior to joining Sinochem Group, he worked in Rong Bao Zhai, responsible for risk control and auction of artistic products from July 1997 to June 2000. He has approximately 20 years of experience in corporate legal affairs. Mr. GAI earned a Bachelor of Laws degree from the Capital University of Economics and Business in 1997. He obtained an executive master's degree in Business Administration from Guanghua School of Management, Peking University in 2010. He qualified as a PRC lawyer in March 2000, as in-house legal counsel in January 2003, respectively, and has been an associated member of Hong Kong Institute of Chartered Secretaries since July 2008.

Mr. SONG Liuyi

Mr. SONG, who was born in November 1975, joined the Company as Assistant President of the Company in May 2011 and has been the Vice President of the Company since January 2013 and the Senior Vice President of the Company since 1 March 2017. Mr. SONG joined Sinochem Group in 2001, worked at the investment business department of Sinochem International Company Limited, investment department of Sinochem Group and president office of Sinochem Group, and served as an assistant to the head of president office of Sinochem Group. Mr. SONG obtained a bachelor's degree in High Polymer Materials and processing from the Beijing Institute of Technology in 1998 and a master's degree in Materials from the Beijing Institute of Technology in 2001, respectively.

Mr. LIU Feng

Mr. LIU, who was born in April 1969, has been the Vice President of the Company since August 2013 and the Senior Vice President of the Company since 1 March 2017. Mr. LIU joined China Jin Mao Group Co., Ltd. in July 2000 and had held a number of senior positions including secretary to the president office, deputy general manager of the investment management department, general manager of the operational management department, chief operation officer and deputy general manager of China Jin Mao Group Co., Ltd. During such period, Mr. LIU also served as the owner's representative of Hilton Sanya Yalong Bay Resort & Spa, The Ritz-Carlton Sanya Yalong Bay and JW Marriot Shenzhen. Prior to joining China Jin Mao Group Co., Ltd., Mr. LIU was the assistant translator in No. 59322 Troop of People's Liberation Army and legal assistant at Fudan Law Office. Mr. LIU has been the general manager of Sanya Yazhouwan Economic Development Co., Ltd. since May 2012. Mr. LIU graduated from Fudan University with a bachelor's degree in International Politics in July 1992 and a master's degree in International Relations in July 1997. In 2003, he earned a master's degree in Laws from the University of Connecticut.

Mr. WEN Xiong

Mr. WEN, who was born in July 1969, has been the Vice President of the Company since July 2014 and the Senior Vice President of the Company since 1 March 2017. Mr. WEN served as the Party committee member and deputy director of Changsha Municipal Bureau of Land and Resources from August 2003 to July 2014. He worked at the Management Committee of Changsha Dahexi Pilot Zone as Party working committee member and head of the state planning department from June 2008 to July 2014. Mr. WEN obtained a bachelor's degree in Logic from the Faculty of Philosophy of Nankai University in July 1991, a master's degree in Law from Hunan Normal University in June 2002 and a doctor's degree in Management from Hunan Agricultural University in June 2011.

Mr. LIAO Chi Chiun

Mr. LIAO, who was born in January 1968, has been the Chief Accountant, Qualified Accountant and Company Secretary of the Company since March 2007. Prior to joining the Company, he served as an accountant of S E A Holdings Ltd between 1997 and 2006. He has over 15 years of experience in Hong Kong and PRC accounting practice relating to property leasing and development. Mr. LIAO earned a BA (Hons) degree in Accounting from De Montfort University, England in 1995. He is a fellow member of the Association of Chartered Certified Accountants and also an associate member of the HKICPA.

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE

Since its establishment, the Company has been committed to enhancing the level of its corporate governance. The Company has adopted its own code on corporate governance practice which sets out all code provisions, except as described below, and most of the recommended best practices set out in the Corporate Governance Code in Appendix 14 to the Listing Rules ("Corporate Governance Code"). The Company will continue to improve its corporate governance practices, focusing on maintenance and enhancement of a quality board, sound internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintain its long-term healthy and sustainable development and is vital for the interests of its shareholders.

Provision A.4.2 of the Corporate Governance Code stipulates that a Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after the appointment, while the Articles of Association of the Company provides that such a Director may be elected by the shareholders at the first annual general meeting after the appointment. There is minor difference between the practice of the Company and that of the Corporate Governance Code, and the Company believes that the election by the shareholders at the first annual general meeting after the appointment of the Director who fills casual vacancy will not affect adversely the operation of the Company.

In 2016, the Company complied with all provisions of its own code on corporate governance.

BOARD OF DIRECTORS

The Board is accountable to the shareholders and is responsible for the Group's overall strategy, internal control and risk management. In order to fulfil its responsibilities, the Board has established and adhered to explicit operating policies and procedures, reporting hierarchy and delegated authority. The management is authorised to handle the daily operation of the Group.

The Board is responsible for managing the overall business of the Company and overseeing the functions performed by the subordinate special committees. In particular, the internal control practices are mainly reflected in the following areas:

- management and control of the Group's assets, liabilities, revenues and expenditures as well as proposing changes in areas critical to the Group's performance;
- strategic capital investments and new projects – through stringent project review and approval process, purchasing and tendering procedures and diligent assessment of its implementation upon completion;
- financial and operational performance – through overall strategic planning as well as the implementation and maintenance of the monitoring system for financial and optimised performance management;
- management of relationship with stakeholders of the Company – through frequent communication with partners, governments, customers and other parties who have legal interests in the business of the Company;
- risk management – through continuous review of the reports from the Audit and Risk Management Department to identify, evaluate and appropriately manage the risks faced by the Company; and
- corporate governance – formulation and review of the Company's corporate governance policies and practices; review and monitoring of the training and continuous professional development of Directors and senior management; review and monitoring of the Company's policies and practices in compliance with the laws and regulatory requirements; as well as review of the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

With respect to Board diversity, the Directors have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. As of the date of this report, the Board consisted of the following nine Directors. The term of office of each of the Directors is three years from their respective dates of appointment:

Non-executive Directors

Mr. NING Gaoning (Chairman)
Mr. YANG Lin
Mr. CUI Yan
Mr. AN Hongjun

Executive Directors

Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose
Mr. SU Xijia
Mr. GAO Shibin

Mr. CAI Xiyou was appointed by the Board as the Chairman and non-executive Director of the Company on 9 October 2015 and later resigned on 15 March 2016. Mr. CAI has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders.

Mr. NING Gaoning was appointed by the Board as the Chairman and non-executive Director of the Company on 12 May 2016 and was re-elected at the annual general meeting held on 2 June 2016.

Mr. JIANG Nan, Mr. CUI Yan, Mr. AN Hongjun and Mr. GAO Shibin were all re-elected at the annual general meeting held on 2 June 2016.

During the Period under Review and up to the date of this report, the composition of the special committees under the Board of the Company is as follows:

Audit Committee: Mr. SU Xijia (Chairman), Mr. YANG Lin and Mr. GAO Shibin

Remuneration and Nomination Committee: Mr. LAU Hon Chuen, Ambrose (Chairman), Mr. CUI Yan and Mr. SU Xijia

Strategy and Investment Committee: Mr. LI Congrui (Chairman), Mr. JIANG Nan, Mr. GAO Shibin and Mr. AN Hongjun

Independent Board Committee: Mr. LAU Hon Chuen, Ambrose (Chairman), Mr. SU Xijia and Mr. GAO Shibin

Save as disclosed above, there were no other changes of Directors of the Company during the Period under Review and as at the date of this report.

Biographical details of the Directors are set out from pages 97 to 102 of this report. The Board members have no financial, business, family or other material/relevant relationships with each other. The Company has arranged appropriate insurance coverage in respect of legal actions against its Directors and reviews the coverage of the insurance every year.

The Board has a balanced composition. Each Director possesses the knowledge, experience and expertise required for the business operation and development of the Group. All Directors are aware that they are severally and collectively accountable to the shareholders. They also fulfil their duties and responsibilities diligently to make contribution to the outstanding results of the Group.

The current non-executive Directors are not involved in the Company's daily management but they provide the Company with a wide range of expertise and experience. Their participation in Board and committee meetings brings independent judgment on issues relating to the Company's strategies, performance, conflicts of interest and management procedures, to ensure adequate checks and balances are provided and the interests of all shareholders are taken into account. The Board believes that the balance between executive and non-executive Directors is reasonable and adequate to safeguard the interests of shareholders, other related parties and the Group.

The Company has three independent non-executive Directors in compliance with the requirements under the Listing Rules that the number of independent non-executive Directors shall account for at least one-third of the members of the Board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Company, and the Company is of the view that these Directors are independent of the Company under the guidelines set out in Rule 3.13 of the Listing Rules.

The Directors have access to appropriate business documents and information about the Company on a timely basis. The Directors have free access to the management for enquiries and further information when necessary. All Directors and the special committees under the Board also have recourse to external legal counsels and other professionals for independent advice at the Company's expense as and when the need arises.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. During the Reporting Period, all of the Directors participated in various trainings organised by the Company, including the "New Director Orientation". The Directors also participated in a number of external trainings and conferences. Mr. LI Congrui attended the conferences including the "PRC Real Estate Finance Annual Conference 2016" (2016中國不動產金融年會) and "CEIBS's 7th China Europe Wealth Management Forum 2016" (中歐國際工商學院2016年第七屆中歐財富投資論壇); Mr. JIANG Nan attended the conferences including the "'Belt and Road' Summit" organised by the Hong Kong Trade Development Council; Mr. LAU Hon Chuen, Ambrose participated in the featured meetings and trainings including the "High Level Seminar for Independent Non-executive Directors" (獨立非執行董事高級研修班) and "Senior Bankers' Seminar" (高級銀行家研修班) organised by the Hong Kong Monetary Authority and the China Banking Regulatory Commission, as well as the "Solicitors' Accounts Rules", "Conflicts of Interest – Analyse, Manage, Resolve" and "Dispute Resolution Clauses in Cross Border Contracts" organised by Hong Kong Academy of Law; Mr. GAO Shibin participated in the "Ernst & Young Seminar on Independent Non-executive Directors" (安永獨立非執行董事專題研討會), and attended the featured seminars including "Explore the Macroeconomy of China" (中國宏觀經濟探討) and "How do Big Data Critically Optimise the Operating Model and Efficiency of Various Sectors" (大數據將如何顛覆性地優化各行業的營運模式和效率); Mr. AN Hongjun participated in Morgan Stanley Investors' Forum and Essence Securities Financial Forum and attended more than 20 meetings where topics are related to China's and global economic development, investment outlook and prospect analysis, such as "Global Economic Growth Challenges and Financial Revolution" (全球經濟增長的挑戰與金融變革).

BOARD MEETINGS

The Board meets regularly and Board meetings are held at least four times a year to review the financial performance of the Company, significant issues and other matters that require decisions of the Board.

The Company has made proper arrangements to give all Directors the opportunity to present matters for discussion in the agenda of each Board meeting. All Directors are given an agenda and relevant documents prior to each Board meeting.

The Board office of the Company assists in preparing agenda for Board meetings and ensures that all applicable rules and regulations regarding the meetings are followed.

Apart from the consent obtained through circulation of eight written resolutions to all Board members, during the Period under Review, the Board held four meetings in total, at which the Directors considered and approved various matters, mainly including the 2015 annual report and the 2016 interim report of the Company, annual mandate for the issue of onshore and offshore bonds, annual mandate for interest and exchange derivatives transactions for hedging purpose, five-year strategic plan of the Company from 2017 to 2021 and the operating plans and budget for 2017, proposed annual cap for the continuing connected transactions under the framework lease agreement for the two years of 2017 and 2018, and relevant matters of corporate governance, including appointment of Directors and senior management, arrangements for assuming the role and duties of the Chairman, internal equity restructuring plan, establishment of China Jinmao Charity Foundation and listening to the work report of the regional company in Guangzhou. Attendance of each Director at such Board meetings during 2016 is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Non-executive Director	Mr. CAI Xiyou*	0/0	0	–
Non-executive Director	Mr. NING Gaoning*	3/3	0	100%
Non-executive Director	Mr. YANG Lin	4/4	0	100%
Non-executive Director	Mr. CUI Yan	4/4	0	100%
Non-executive Director	Mr. AN Hongjun	4/4	0	100%
Executive Director	Mr. LI Congrui	4/4	0	100%
Executive Director	Mr. JIANG Nan	4/4	0	100%
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	4/4	0	100%
Independent non-executive Director	Mr. Su Xijia	3/4	1	75%
Independent non-executive Director	Mr. GAO Shibin	4/4	0	100%

* Mr. CAI Xiyou ceased to be a Director of the Company with effect from 15 March 2016; Mr. NING Gaoning was appointed as a Director of the Company with effect from 12 May 2016.

The Directors are given sufficient information both at meetings and at regular intervals so that they can maintain effective control over strategic, financial, operational, compliance and corporate governance issues. They also have unrestricted access to independent professional advice and the advice and services from the Company Secretary to ensure compliance with all procedures of the Board meetings. The Company Secretary keeps minutes of each meeting of the Board and the subordinate committees, which are available to all Directors for review at anytime.

The Company continuously updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with the requirements by the Directors, and to maintain good corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer are held by different persons.

Mr. NING Gaoning has been serving as a non-executive Director and the Chairman of the Company since 12 May 2016. Mr. LI Congrui was appointed as the Vice President of the Company in April 2009 and has been serving as an executive Director of the Company since 17 June 2011. He resigned as the Vice President of the Company and was re-designated as an executive Director and the Chief Executive Officer with effect from 16 January 2013.

There is a clear division of these two positions of Chairman and Chief Executive Officer of the Company to ensure a balanced distribution of power and authority. The Chairman of the Company is responsible for leading and supervising the operation of the Board and providing leadership to the Board in terms of formulating overall strategies, business directions and policies of the Company. The Chairman of the Company also makes effective plans for Board meetings and ensures that the Board acts in the best interests of the Company and its shareholders. The Chief Executive Officer of the Company is directly responsible for the daily operation of the Company, formulation and execution of policies of the Company, and is accountable to the Board for the overall operation of the Company. The Chief Executive Officer also advises the Board on any significant developments and issues.

As stated in the announcements of the Company dated 15 March 2016 and 12 May 2016, due to the resignation of Mr. CAI Xiyou, the Board has resolved that Mr. LI Congrui, an executive Director and the Chief Executive Officer, is authorised to assume the role and duties of the Chairman during the period commencing from 15 March 2016 until 12 May 2016, i.e. the date on which Mr. NING Gaoning was appointed by the Board as the Chairman of the Company.

RULES FOR NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS AND BOARD DIVERSITY

The Company has a set of formal, prudent and transparent procedures for the appointment and succession of Directors. According to the Articles of Association of the Company, a Director shall be appointed or removed by an ordinary resolution at the general meeting; the Board has the right to appoint any Director to fill a casual vacancy or appoint a new member to the Board, subject to re-election by the shareholders at the first annual general meeting immediately after the appointment. All Directors (including executive and non-executive Directors) of the Company are appointed for a term of three years. A Director may be re-elected at the general meeting after expiration of its term.

According to the Articles of Association of the Company, a Director shall be recommended by the Board or be nominated by any shareholder (other than the person to be nominated) of the Company who is entitled to exercise voting rights at a general meeting during the period from the date of despatch of the notice of the general meeting to 7 days before the date on which such general meeting is duly convened. The Remuneration and Nomination Committee of the Company may also provide advice to the Board in respect of the nomination. Qualifications and competence of the nominees should be taken into consideration during nomination.

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfilling its strategic objectives and achieving sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates by the Company is based on a number of criteria on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the Reporting Period, the Remuneration and Nomination Committee made recommendations to the Board with respect to the appointment of Directors having due regard of the above diversity requirements. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to achieve Board diversity.

RESPONSIBILITIES OF DIRECTORS

Each Director is required to keep abreast of his responsibilities as a Director and of the operation and business activities of the Company from time to time. Non-executive Directors have the same duties of care and skills as executive Directors.

The non-executive Directors of the Company have sufficient experience and talent and fully participate in the Board to fulfil the functions specified in the provisions A.6.2(a) to (d) of the Corporate Governance Code.

RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for the preparation of financial statements of each financial year, which give a true and fair view of the operating results and financial status of the Company. In preparing the financial statements, the Directors of the Company have selected and applied appropriate accounting policies, and have made prudent and reasonable judgments.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 143.

THE SPECIAL COMMITTEES UNDER THE BOARD

In order to review the specific matters, the Company has established four special committees under the Board, namely the Remuneration and Nomination Committee, the Audit Committee, the Independent Board Committee and the Strategy and Investment Committee.

REMUNERATION AND NOMINATION COMMITTEE

During the Period under Review and up to the date of this report, the members of the Remuneration and Nomination Committee of the Company are Mr. LAU Hon Chuen, Ambrose (independent non-executive Director), Mr. CUI Yan (non-executive Director) and Mr. SU Xijia (independent non-executive Director). The chairman of the Remuneration and Nomination Committee is Mr. LAU Hon Chuen, Ambrose.

The functions of the Remuneration and Nomination Committee include:

– to review the size and composition of the Board at least annually based on the operation, scale of assets and shareholding structure of the Company, and make recommendations to the Board;

- to examine the standards and procedures for election of candidates for Directors and senior management and make recommendations; review the qualifications and abilities of candidates for directorship and management and make recommendations;

- to assess the independence of independent non-executive Directors;

- to make recommendations to the Board on the remuneration policies, share option/incentive schemes for Directors and senior management and on the establishment of formal and transparent procedures for developing such policies; and

- to determine, with delegated responsibility, the remuneration packages of all executive Directors and senior management; to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, policies and objectives; and make recommendations in respect of the remuneration of the non-executive Directors to the Board.

The Remuneration and Nomination Committee may seek professional advice if necessary and will be provided with sufficient resources to perform its duties.

In 2016, the Remuneration and Nomination Committee's nomination, appointment, determination of remuneration packages and approval of incentive proposals included the following:

- for the purposes of strengthening and consolidating the human resources and improving the governance structure of the Company, approved the new appointment of one non-executive Director of the Company after careful consideration of the experience and expertise of the candidates and taking into account the resignation of Directors, and submitted such recommendations to the Board for review and approval;

- assessed the performance of executive Directors;

- approved the proposal to grant share options of the Company, the terms of grant and relevant details;

- determined the remuneration packages of Directors and senior management based on the results performance of the Company and with reference to the market rates; and

- made recommendations to the Board with respect to the appointment of Directors according to the policies and procedures for nomination of Directors with due regards to election and recommendation criteria including gender, age, cultural and educational background, professional experience, skills and knowledge.

The Remuneration and Nomination Committee held one meeting and entered into six written resolutions in 2016. Attendance of each member at the meetings is set out below:

Position	Name	Meeting attended in person	Meeting attended by proxy	Attendance rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	1/1	0	100%
Independent non-executive Director	Mr. SU Xijia	1/1	0	100%
Non-executive Director	Mr. CUI Yan	1/1	0	100%

THE AUDIT COMMITTEE

The Audit Committee of the Company is responsible for communicating with management and internal and external auditors, as well as reviewing and overseeing the Company's financial reporting and audit procedures jointly with them. During the Period under Review and up to the date of this report, the members of the Audit Committee are Mr. SU Xijia (independent non-executive Director), Mr. YANG Lin (non-executive Director) and Mr. GAO Shibin (independent non-executive Director). The chairman of the Audit Committee is Mr. SU Xijia. All members of the Audit Committee have financial backgrounds, which enable them to precisely assess the financial conditions, compliance and risk exposure of the Company, as well as to impartially perform their duties and responsibilities.

The functions of the Audit Committee include:

– to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any issues in respect of resignation or dismissal of the auditors;

– to discuss the nature and scope of audit and the relevant reporting responsibilities with external auditors before auditing, and to review and examine whether the external auditors are independent and objective and whether the audit procedures are effective according to applicable standards;

– to develop and implement policies on the engagement of external auditors for non-audit services, and report and make recommendations to the Board with respect to any actions to be taken or areas of improvement;

– to monitor integrity of the Company's financial statements, reports and accounts, interim reports and quarterly reports (if any), and to review significant opinions regarding financial reporting contained therein, to consider any material matters or unusual matters that are reflected or are required to be reflected in such reports and accounts, and to consider any matters proposed by the person in charge of accounting and finance work, compliance officer or auditors of the Company as appropriate;

– to review the financial control of the Company and review the risk management and internal control system of the Company, to discuss the risk management and internal control system with the management to ensure that the management has performed its duties in establishing an effective system, and to examine the material investigation findings and management's responses in respect of risk management and internal control matters;

– to ensure coordination between internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

– to review the Company's financial and accounting policies and practices, to review the external auditor's management letter, to timely respond to any queries raised by the management and the Board, and to report to the Board as necessary;

– to establish a system for direct reporting by employees of the Company, to conduct investigations on any abnormalities of the Company in the manner as it considers necessary and appropriate, and to report to the Board as necessary. The committee shall also have the right to direct the Company to make proper arrangements for such issues, including conducting fair and independent investigations and taking appropriate actions; and

– to act as the key representative body for overseeing the Company's relation with the external auditors.

In 2016, financial reporting and control reviews undertaken by the Audit Committee included the following:

– reviewed the integrity and accuracy of the 2015 annual report, the 2016 interim report and formal announcements relating to the Group's financial performance;

– reviewed the 2015 work report and 2016 work plans for internal audit and internal control of the Company, and confirmed the effectiveness of the internal audit and internal control functions;

– listened to the 2016 work summary for internal audit and internal control and the report on the relevant matters regarding the 2017 work plan, discussed with all the internal audit and internal control teams of the Company to communicate on issues regarding the principle and positioning of internal audit work and talent cultivation, and made guidance advice with respect to the new requirements on the corporate governance work of the Company;

– reviewed the focus of financing work of the Company and compared the impacts of the typical equity and debt financing instruments of the Company on the financial conditions of the Company; and

– reviewed the annual pre-audit results, profit forecast, audit strategies and significant issues for 2016.

The Audit Committee held three meetings in 2016. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Independent non-executive Director	Mr. SU Xijia	3/3	0	100%
Independent non-executive Director	Mr. GAO Shibin	3/3	0	100%
Non-executive Director	Mr. YANG Lin	3/3	0	100%

The Chief Financial Officer, the qualified accountant and the auditors of the Company attended all these meetings including the three meetings which reviewed the completeness and accuracy of the Company's 2015 annual report, 2016 interim report and formal announcements relating to the Group's financial performance.

INDEPENDENT BOARD COMMITTEE

During the Period under Review and up to the date of this report, the members of the Independent Board Committee of the Company are Mr. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. GAO Shibin. The chairman of the Independent Board Committee is Mr. LAU Hon Chuen, Ambrose. All members are independent non-executive Directors.

The functions of the Independent Board Committee include:

– to discuss whether to exercise the independent options granted by Sinochem Group to the Company pursuant to the Non-Competition Undertaking dated 26 July 2007, and to discuss any business in connection with the Non-competition Undertaking or any redevelopment business in relation to the properties held by Sinochem Group, and any new business opportunities or property redevelopment opportunities of which the Company is notified by Sinochem Group in writing;

- to formulate and implement policies in relation to the appointment of an independent financial adviser or other professional advisers regarding the exercise of options and pursuit of new opportunities;

- for the connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, or spin-off listing arrangements subject to approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the Group and its shareholders as a whole, and to make recommendations to the Board; and

- to review continuing connected transactions every year and make confirmation in the annual reports and accounts of the Company.

The Independent Board Committee held one meeting and entered into seven written resolutions in 2016. It considered the independent option over Shimao Investment as granted by Sinochem Group to the Company, and resolved not to exercise the option over Shimao Investment for the time being and to make relevant disclosure in the 2015 annual report and 2016 interim report; confirmed various continuing connected transactions of the Company for 2015; and approved the terms of grant of batch three share options, grant of batch three share options to the directors by the Company and relevant details; and considered three new business opportunities notified by Sinochem Group to the Company. Attendance of each member at the meeting is set out below:

Position	Name	Meeting attended in person	Meeting attended by proxy	Attendance rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	1/1	0	100%
Independent non-executive Director	Mr. SU Xijia	1/1	0	100%
Independent non-executive Director	Mr. GAO Shibin	1/1	0	100%

STRATEGY AND INVESTMENT COMMITTEE

During the Period under Review and up to the date of the report, the members of the Strategy and Investment Committee of the Company are executive Directors Mr. LI Congrui and Mr. JIANG Nan, non-executive Director Mr. AN Hongjun and independent non-executive Director Mr. GAO Shibin. The chairman of the Strategy and Investment Committee is Mr. LI Congrui.

The functions of the Strategy and Investment Committee include:

- to study and formulate the Company's growth strategies, and supervise and monitor the management's execution of the Company's growth strategies;

- to review the new project investment proposals submitted by the management according to the Company's growth strategies; and

- to review the proposals on the establishment of departments in the headquarters submitted by the management.

The Strategy and Investment Committee held twenty-one meetings and entered into seventeen written resolutions in 2016. It considered the topics including the tender for the land parcel no. HS14-02-1a in Yaofeng, Ningbo; the tender for the land parcel of Tianjin Thermal Power Plant Project; the tender for two land parcels no. 20-7 and no. 20-8 in Pingliang Avenue, Hexi, Nanjing; the tender for the land parcel no. GS0305-05 in Qinglong Unit, Gongshu District, Hangzhou; the tender for the land parcel in Shangtang, Longhua New District, Shenzhen; the tender for the land parcel no. KI2-2 in Hefei High-Tech Zone; the tender for the land parcel no.14 in Beilonghu, Zhengdong New Area, Zhengzhou; the tender for the land parcel no. XDG-2016-8 in Binhu District, Wuxi; the tender for the land parcel no. HK322-01 in 92 Jie Fang, North Bund, Shanghai; as well as the issues including the equity cooperation of Shanghai Liangcheng New Village Project, equity cooperation of Shanghai Jiading New City Project and equity cooperation of Wuhan Yangchunhu Project. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Executive Director	Mr. LI Congrui	20/21	1	95%
Executive Director	Mr. JIANG Nan	21/21	0	100%
Independent non-executive Director	Mr. GAO Shibin	21/21	0	100%
Non-executive Director	Mr. AN Hongjun	21/21	0	100%

EXTERNAL AUDITORS

In 2016, the remuneration paid/payable to the Company's auditors, Ernst & Young, amounted to a total of HK$12,901,000, of which HK$5,760,000 was for audit service fees of the Group's financial statements, HK$3,782,000 was for audit service fees of certain subsidiaries of the Group (including annual audit service fees of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited ("Jinmao Hotel Investments"), HK$931,000 was related to the Group's issuance of bonds, HK$1,050,000 was for review service fees of the Group's interim financial statements, HK$596,000 was for review service fees of the interim financial statements of Jinmao Hotel and Jinmao Hotel Investments, HK$632,000 was for tax service fees, HK$100,000 for service fees of continuing connected transactions of the Company, and HK$50,000 was for continuing connected transaction service fees of Jinmao Hotel and Jinmao Hotel Investments.

INTERNAL CONTROL

The Board takes responsibilities for the risk management and internal control systems and is responsible for reviewing the effectiveness of such systems. The Directors confirm that the Company has in place comprehensive internal audit functions and, through its internal control department, conducts regular audits, including annual routine audit and special audit where the scope of audits covers all aspects including the execution of the Group's internal regulations and procedures, finance, tender and procurement, project quality and marketing to prevent assets from inappropriate use. The Company also maintains proper accounts and ensure that the regulations are complied with. In 2016, the internal control department of the Company carried out three routine audits, three special audits and four resignation audits. The Directors confirm that the above measures aim to manage but not eliminate the relevant risks and that the above measures can only provide reasonable but not absolute assurance to the achievement of business objectives.

As to risk management, the Company has formulated the "Risk Management Standards" to regulate and strengthen the risk management works of the Company, and prepare a comprehensive set of risk identification, assessment and management procedures through collecting risk related information, conducting risk assessments, formulating and implementing risk management strategies and solutions as well as supervising and improving risk management. On the basis of completing the risk identification work, the Company will push ahead its follow-up and inspection efforts and focus on rationalising the risk related information of the Company on a monthly basis in addition to following-up on risk management measures based on the risks identified.

As to internal control system, the Company has formulated the "Internal Control Manual". On this basis, in 2016, the Company formulated the work report on improving the internal control system on a quarterly basis. Through regular internal audit and accountability system inspection, and the requirement of regular self-inspection of internal control system of the companies comprising the Group, the Company has achieved regular and constant internal control. In addition, the internal control system comprehensively covers major matters of operations and focuses on the high risk areas to avoid material omission and deficiency so that the smooth operation of the Company's internal control system is ensured.

The Directors of the Company all consider that the Group's existing risk management and internal control system is effective and adequate.

INSIDE INFORMATION

The Company has taken prudent measures in handling inside information, for which the Company has formulated effective systems and measures, including the formulation of the "Administrative Standards on Inside Information Disclosure of China Jinmao" (中國金茂內幕消息披露管理標準) to state the selection criteria for inside information, scope of informants of inside information and to identify the term of reference of the compliance, investor relations and media management functions. The administrative standards provide that inside information shall be kept strictly confidential prior to public disclosure, among which the personnel who have access to inside information must ensure confidentiality of the information, and should not, in any manner, divulge the information of the Company to external parties without authorisation. Besides, consultants and intermediaries engaged by the Company shall enter into strict confidentiality agreements with the Company to ensure the inside information is properly handled. At the same time, to ensure the inside information is disclosed in a timely and proper manner, any matters that constitute inside information must be first reviewed by the compliance officers and investor relations officers of the Company and obtain consent from the relevant executive Directors before due disclosure.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules to regulate directors' securities transactions. Having made specific enquiries of all Directors, all Directors have confirmed that they have complied with the requirements set out in the Model Code for the year ended 31 December 2016.

All employees of the Group shall comply with the "Administrative Rules for Securities Transactions by the Employees of China Jinmao" formulated by the Company with reference to the requirements set out in Appendix 10 of the Listing Rules in their dealings in the securities of the Company.

RIGHTS OF SHAREHOLDERS

Shareholders have right to raise questions and make suggestions on the business of the Company. All shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations. Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles of Association of the Company.

MOVING A RESOLUTION AT AN ANNUAL GENERAL MEETING

Pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a shareholder may submit a written requisition to move a resolution at an annual general meeting if it has received requests that it do so from -

(a) the members of the company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or

(b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

A request -

(a) may be sent to the company in hard copy form or in electronic form;

(b) must identify the resolution of which notice is to be given;

(c) must be authenticated by the person or persons making it; and

(d) must be received by the company not later than -

  (i) six weeks before the annual general meeting to which the requests relate; or

  (ii) if later, the time at which notice is given of that meeting.

PROPOSING A CANDIDATE FOR ELECTION AS A DIRECTOR

Pursuant to Article 77(2)(b) in the Articles of Association of the Company, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should give the Company Secretary a notice of his intention to propose a resolution for the appointment or reappointment of the person as the Director of the Company and a notice executed by that person of his willingness to be appointed or re-appointed, no earlier than the day after the despatch of the notice of the general meeting and no later than seven days prior to the date fixed for such general meeting.

CONVENING A GENERAL MEETING

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a general meeting may be called upon if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

(a) A request -

  (i) must state the general nature of the business to be dealt with at the meeting;

  (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

(b) Requests may consist of several documents in like form; and

(c) A request -

  (i) may be sent to the company in hard copy form or in electronic form; and

  (ii) must be authenticated by the person or persons making it.

SHAREHOLDERS' ENQUIRIES TO THE BOARD

Enquiries from shareholders for the Board may be directed to us by the means as stated in the section under "Corporate Information" in this report.

GENERAL MEETING

The Company maintains and facilitates exchange and communication between shareholders and the Board through a number of communication methods, including general meetings, announcements and circulars to shareholders. The Company held an annual general meeting on 2 June 2016, which reviewed and approved the audited financial statements, the reports of the Directors and the auditor's report for the year ended 31 December 2015; declared the final dividend for the year ended 31 December 2015; re-elected Mr. JIANG Nan, Mr. CUI Yan, Mr. GAO Shibin, Mr. AN Hongjun and Mr. NING Gaoning as Directors of the Company; authorised the Board of the Company to determine the remuneration of Directors of the Company; re-appointed Ernst & Young as the auditors of the Company and authorised the Board to determine their remuneration; and reviewed and approved the general mandate to issue shares and repurchase shares. Save for non-executive Directors Mr. NING Gaoning and Mr. YANG Lin and independent non-executive Director Mr. LAU Hon Chuen, Ambrose who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the annual general meeting held on 2 June 2016.

Report of the Directors

The Board presents its report and the audited financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its subsidiaries are development of, investment in and operation of real estate projects, focusing on city and property development, hotel operations, commercial leasing and retail operations. Details of the subsidiaries of the Company are set out in note 1 to the financial statements.

BUSINESS REVIEW

For details of the future business development, business operations and major risks faced by the Company during the Reporting Period, please refer to the section headed "Chairman's Statement" from pages 8 to 11, and the section headed "Management Discussion and Analysis" from pages 14 to 88 in this report.

For details of the environmental policies and performance of the Company during the Reporting Period, please refer to the "Green Strategy" in the section headed "Management Discussion and Analysis" from pages 76 to 80 in this report.

For details of the material relationship between the Company and its employees, customers, suppliers and other persons of significant influence to the Company during the Reporting Period, please refer to the section headed "Corporate Social Responsibilities" from pages 92 to 96 in this report.

The above discussion forms part of the Report of the Directors.

Taking into account the laws, regulations, policies and documents that have a material impact on the business of the Company, including but not limited to the "Land Administration Law of the People's Republic of China", the "Urban Real Estate Administration Law of the People's Republic of China", the "Bidding Law of the People's Republic of China", the "Measures on the Administration of Sale of Commodity Houses", the "Company Law of the People's Republic of China" and foreign-invested related laws and regulations, as well as the documents issued by relevant government authorities from time to time including the State Administration of Foreign Exchange, the Ministry of Housing and Urban-Rural Development, the Ministry of Finance, the China Securities Regulatory Commission and the People's Bank of China (the "PBOC"), the Company confirmed that, during the Reporting Period, there were no circumstances of administrative punishments or inspections by relevant government authorities as a result of violation of laws, regulations, policies and documents that have a material impact on the business of the Company, and the Company and its subsidiaries were in compliance with all applicable laws and regulations. The Company has formulated the comprehensive administration standards and approval procedures for legal affairs and continued to revise them for improvement. In 2016, the Group reviewed and approved a total of 8,615 contracts according to the standardised procedures via the network office automation platform with a rate of 100% of the contracts reviewed by legal specialists, and avoided contract default risks through ongoing supervision of contract execution. In addition, in 2016, the Company organised 42 legal trainings for employees and published risk reminders regarding the update of laws, regulations, policies and documents from time to time. The Company also revised the "China Jinmao Legal Risk Prevention and Control Manual" with an aim to systematically sort out any laws, regulations, policies and documents that have a material impact on the Company in the areas of land resources requisition, project construction, property sales and property services, and provided operational guidelines on compliance. In 2016, based on the development of its principal businesses, the Company added more identification areas regarding the legal risks associated with the hotel operation projects and tender, auction and listing of land so as to ensure effective operation of the legal risk prevention and control system of the Company by making sure that the employees of the Company are aware of and comply with the relevant laws and regulations in discharging their duties. In addition, during 2016, the Company introduced a column "Law-Ruling Jinmao" on the network office automation platform which regularly publishes legal news, the latest laws and regulations and legal research articles.

RESULTS AND DIVIDENDS

Details of the Group's results for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss on page 148 of this report.

The Board recommended the payment of a final dividend of HK9.0 cents per share for the year ended 31 December 2016. The proposed final dividend shall be subject to approval of shareholders at the forthcoming annual general meeting. No interim dividend was paid for the period ended 30 June 2016. The Company will give a notice of closure of its register of members in relation to the entitlement to the final dividend and the right to attend and vote at the annual general meeting once the date of the annual general meeting is determined. The Company expects to pay the final dividend before 31 August 2017. Details regarding the payment of dividends will be announced in the notice convening the annual general meeting.

SHARE CAPITAL AND SHARE OPTIONS

As at 31 December 2016, the total issued share capital of the Company was 10,671,810,609 ordinary shares.

As stated in the announcements of the Company dated 24 May 2016, 8 June 2016 and 14 June 2016, the Company offered to repurchase in cash the perpetual subordinated convertible securities (the "Securities") with an aggregate principal amount of US$600,000,000 issued by Franshion Capital Limited (a wholly-owned subsidiary of the Company) on 12 October 2010 at the repurchase price of 108.0% of the principal amount of the Securities. The final aggregate repurchase amount (being the aggregate principal amount of the Securities accepted by the Company for repurchase on 14 June 2016) amounted to US$200,000,000. The Company has already settled for the repurchase of the Securities on 14 June 2016 and the settlement amount paid by the Company for the Securities repurchased amounted to US$218,342,222.17. The Company has irrevocably instructed the cancellation of the Securities repurchased and the aggregate principal amount of the Securities remaining outstanding following completion of the invitation to repurchase and cancellation of the Securities repurchased is US$400,000,000. As at the date of this report, the outstanding Securities are convertible into 1,132,525,547 ordinary shares at the price of HK$2.74 per share, subject to any adjustment to the conversion price and number of shares that may be made pursuant to the terms of the Securities.

Details of movement in the Company's share capital and share options in 2016 are set out in notes 36 and 37 to the financial statements, respectively.

RESERVES

Movements in reserves of the Company and of the Group in 2016 are set out in note 38 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK$3,642,199,000 (equivalent to RMB2,921,441,000), of which HK$960,463,000 (equivalent to RMB851,258,000) has been proposed as a final dividend for the Year. In addition, the Company's share capital in the amount of HK$6,109,789,000, being the amount of the share premium which has become part of the share capital pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to major customers and purchases from major suppliers of the Group in the Year are set out below:

	For the year ended 31 December 2016 Percentage of total turnover (%)
Five largest customers	34%
The largest customer	17%

	Percentage of total purchase (%)
Five largest suppliers	41%
The largest supplier	20%

The above five largest customers and suppliers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors of the Company or any of their close associates or any shareholders who own more than 5% of the Company's shares had any interest in the Group's five largest customers or five largest suppliers.

BANK AND OTHER BORROWINGS

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

CHARITABLE DONATIONS

During the Year, the subsidiaries of the Company in Beijing, Chongqing and Changsha made charitable donations totalling RMB14,724,760 for the education of school projects and public welfare activities.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movement in the property, plant and equipment and investment properties of the Group during the Year are set out in notes 13 and 17 to the financial statements.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 254 of this report. The summary does not form part of the audited financial statements.

DIRECTORS OF THE LISTED COMPANY AND ITS SUBSIDIARIES

During the Year and as of the date of this report, the Directors of the Company include:

Non-executive Directors

Mr. CAI Xiyou (resigned on 15 March 2016)
Mr. NING Gaoning (appointed on 12 May 2016)
Mr. YANG Lin
Mr. CUI Yan
Mr. AN Hongjun

Executive Directors

Mr. LI Congrui
Mr. JIANG Nan

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose
Mr. SU Xijia
Mr. GAO Shibin

During the Year and as at the date of this report, the list of directors of the Company's subsidiaries is published on the website of the Company at www.chinajinmao.cn.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2016, none of the Directors had a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

SENIOR MANAGEMENT

Biographical details of the current senior management of the Company are set out on pages 103 to 105 of this report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' remuneration is determined by reference to Directors' duties and responsibilities, individual performance and the results of the Group.

For the year ended 31 December 2016, details of the remuneration of the Directors and senior management of the Company are set out in notes 8 and 44(b) to the financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Year.

DIRECTORS' (OR THEIR CONNECTED ENTITIES') INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors (or their connected entities) was materially interested, directly or indirectly, in any transactions, arrangements or contracts of significance entered into by the Company or its controlling shareholder or any of their respective subsidiaries as at 31 December 2016 or at any time during the Year. The Company did not provide any loan to any of the Directors or the management personnel of the Company during the Year.

DIRECTORS' RIGHTS TO SUBSCRIBE SHARES

Save as disclosed in the section headed "Share Option Scheme" under the "Report of the Directors" in this report, no arrangements to which the Company or its controlling shareholder or any of their respective subsidiaries is a party, whose purposes are, or one of whose purposes is, to enable any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, subsisted as at 31 December 2016 or at any time during the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Sinochem Group is the ultimate controlling shareholder of the Company. The contracts of significance entered into between Sinochem Group and its subsidiaries, Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong") and the Company or its subsidiaries are mainly agreements of connected transactions and continuing connected transactions conducted between them, and the Non-Competition Undertaking between Sinochem Group and the Company dated 26 July 2007, as detailed in sections headed "Connected Transactions", "Continuing Connected Transactions" and "Compliance with Non-Competition Agreement" below.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

Sinochem Group has provided a written confirmation stating that Sinochem Group and its subsidiaries (other than those which form part of the Group) complied with their obligations under the Non-competition Undertaking during 2016.

On 21 March 2017, a wholly-owned subsidiary of Sinochem Group granted a purchase option to the Company pursuant to the Non-Competition Undertaking, whereby the Company may acquire such company's 20% equity interests in Wuhan Yangsi Port Project. The Company will review and consider whether to exercise such purchase option from time to time during the term of the Non-Competition Undertaking.

EMPLOYEES AND REMUNERATION POLICIES

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the section headed "Corporate Social Responsibilities" on pages 92 to 96 of this report.

RETIREMENT SCHEMES

The Group contributes on a monthly basis to various defined contribution retirement benefit schemes (the "Retirement Schemes") administrated and organised by the relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to pay retirement benefits under the Retirement Schemes to employees when they retire, and the Group is not required to provide other post-retirement benefits to the employees, except for the contributions made under the Retirement Schemes.

The Group also participates in a mandatory provident fund scheme (the "MPF Scheme") required by the government of Hong Kong, which is a defined contribution retirement benefit scheme. Contributions to these schemes are expenses as incurred.

Neither the Retirement Schemes nor the MPF Scheme has any requirement concerning forfeited contributions.

Contributions to the retirement benefit schemes by the Group for the year ended 31 December 2016 were RMB114,088,000.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

SHARE OPTION SCHEME

On 22 November 2007, the Company adopted a share option scheme (the "Scheme"), the purpose of which is to enhance the commitment of the participants to the Company and encourage them to pursue the objectives of the Company. An amendment to the Scheme was approved and adopted by the Board on 23 August 2012.

According to the terms of the Scheme of the Company, the Board shall at its absolute discretion grant to any participant a certain number of options at any time within 10 years after the adoption date of the Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive Directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive Directors of the Company.

The number of shares to be issued at any time upon exercise of all options granted under the Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued share capital of the Company. Accordingly, the Company may issue up to 491,526,400 shares to the participants under the Scheme, representing 4.61% of the issued share capital of the Company as at the date of this report.

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the options (including exercised, cancelled and outstanding options) granted under the Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued share capital of the Company at any time, no further options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the option.

More details of the Scheme are set out in note 37 to the financial statements.

GRANT AND EXERCISE OF OPTIONS

On 5 May 2008, 5,550,000 share options were granted to eligible participants by the Company at the exercise price of HK$3.37 for each share of the Company to be issued, being the average closing price of the shares on the Hong Kong Stock Exchange for the five consecutive trading days immediately preceding the grant date of such options. Such options shall vest after two years from the date of grant of options at the earliest. The share options will only vest if the pre-set performance targets of the Group, the division of the grantee and the grantee are achieved. Otherwise, the share options shall lapse.

On 30 April 2010, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees at a percentage of 40% of the share options granted in May 2008 by the Company according to the Scheme, the performance review results of the grantees of share options and the Explanation on the Fulfilment of Conditions of Share Options of Franshion Properties for 2009 provided by the external independent professional advisor.

On 13 June 2011, the Remuneration and Nomination Committee of the Board of the Company approved and confirmed the lapse and cancellation of 30% of the share options granted in May 2008 by the Company on 5 May 2011 according to the Scheme and the Explanation on the Fulfilment of Conditions of Share Options with Reference to the Results of Franshion Properties for 2010 provided by the Financial Management Department of the Company, as the performance review results for 2010 did not meet the target performance results.

On 17 May 2012, the Remuneration and Nomination Committee of the Board of the Company approved and confirmed the lapse and cancellation of the remaining 30% of the share options granted in May 2008 by the Company on 5 May 2012 according to the Scheme and the Explanation on the Fulfilment of Conditions of Share Options with Reference to the Results of Franshion Properties for 2011 provided by the Financial Management Department of the Company, as the performance review results for 2011 did not meet the target performance results.

On 28 November 2012, 58,267,500 share options were granted to eligible participants by the Company at the exercise price of HK$2.44 for each share of the Company to be issued, being the closing price of the shares on the Hong Kong Stock Exchange on the grant date of such options. Such options shall vest after two years from the date of grant of the options at the earliest. The share options will only vest if the pre-set performance targets of the Group, the division of the grantee and the grantee are achieved. Otherwise, the share options shall lapse.

On 4 November 2014, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees that fulfil the conditions at a percentage of up to 30% of the share options granted in November 2012 by the Company (where the percentage may decrease depending on the rating of the individual performance review of the grantees) according to the Scheme (the amendment to which was approved by the Board on 23 August 2012), the performance review results of the grantees of share options, and the "Explanation on the Fulfilment of Conditions of First Vest with respect to Share Options Batch Two granted by Franshion Properties" provided by the external independent professional advisor.

On 20 November 2015, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees that fulfil the conditions at a percentage of up to 30% of the share options granted in November 2012 by the Company (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance review of the grantees) according to the Scheme (the amendment to which was approved by the Board on 23 August 2012), the performance review results of the grantees of share options, and the "Explanation on the Fulfilment of Conditions of Second Vest with respect to Share Options granted by China Jinmao in 2012" provided by the external independent professional advisor.

On 17 October 2016, the Remuneration and Nomination Committee of the Board of the Company approved and confirmed the lapse and cancellation of the remaining 40% of the share options granted in November 2012 by the Company on 28 November 2016 according to the Scheme (the amendment to which was approved by the Board on 23 August 2012), the performance review results of the grantees of share options, and the "Explanation on the Non-fulfilment of Conditions of Results of the Company (2015 Results) of the Third Vest with respect to Share Options granted by China Jinmao in 2012" provided by the Financial Management Department of the Company, as the performance review results for 2015 did not meet the target performance results.

On 17 October 2016, the Company granted 172,350,000 share options to eligible participants and the exercise price was HK$2.196 per share, being the average closing price per share as stated in the Hong Kong Stock Exchange's daily quotation sheet for the last five consecutive trading days prior to the date of grant of share options. Such options shall vest after two years from the date of grant of the options at the earliest. The share options shall only vest if the pre-set performance targets of the Group, the division of the grantee and the grantees are achieved. Otherwise, the share options shall lapse.

The following share options were outstanding under the Scheme during the year ended 31 December 2016:

Name or category of grantees	As at 1 January 2016	Number of share options Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2016	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date (HK$)
Directors										
Mr. LI Congrui	435,000	–	–	–	–	435,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	435,000	–	–	–	–	435,000	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	580,000	–	–	–	(580,000)	–	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
	–	500,000	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	–	500,000	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	–	500,000	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
Mr. JIANG Nan	435,000	–	–	–	–	435,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	435,000	–	–	–	–	435,000	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	580,000	–	–	–	(580,000)	–	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
	–	500,000	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	–	500,000	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	–	500,000	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
Sub total	2,900,000	–	–	–	(1,160,000)	1,740,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	–	3,000,000	–	–	–	3,000,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
Employees in aggregate	6,356,080	–	–	–	(1,879,500)	4,476,580	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	7,569,160	–	–	–	(990,820)	6,578,340	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	13,497,600	–	–	–	(13,497,600)	–	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
	–	56,332,000	–	–	(256,000)	56,076,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	–	56,332,000	–	–	(256,000)	56,076,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	–	56,686,000	–	–	(258,000)	56,428,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
Total	30,322,840	–	–	–	(17,527,920)	12,794,920	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	–	172,350,000	–	–	(770,000)	171,580,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

Save as disclosed below, as at 31 December 2016, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Name	Capacity	Number of shares held	Number of underlying shares held(Note)	Approximate percentage of the issued share capital
Mr. LI Congrui	Beneficial owner	–	2,370,000(L)	0.0222%
Mr. JIANG Nan	Beneficial owner	–	2,370,000(L)	0.0222%

(L) Denotes long positions

Note: Represents the underlying shares subject to share options which are unlisted physically settled equity derivatives.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors of the Company, as at 31 December 2016, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the shares, or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange:

Name of the substantial shareholder	Nature	Capacity/nature of Interests	Number of ordinary shares	Approximate percentage of the issued share capital
Sinochem Hong Kong (Group) Company Limited	Long position	Beneficial owner	5,759,881,259	53.97%
Sinochem Corporation	Long position	Interest of controlled corporation(Note 1)	5,759,881,259	53.97%
Sinochem Group	Long position	Interest of controlled corporation(Note 1)	5,759,881,259	53.97%
New China Life Insurance Company Ltd.	Long position	Beneficial owner	1,060,762,000	9.94%
GIC Private Limited	Long position	Investment manager	720,803,839	6.75%

Note 1: Sinochem Group holds 98% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong. For the purpose of the SFO, Sinochem Group and Sinochem Corporation are both deemed to be interested in the shares beneficially owned by Sinochem Hong Kong.

Save as disclosed above, as at 31 December 2016, the Directors of the Company were not aware of any person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

During the Period under Review, the Company entered into non-exempt continuing connected transactions, including:

I. Continuing connected transactions exempt from the independent shareholders' approval requirement:

1 Framework lease agreement between China Jin Mao Group Co., Ltd. ("Jin Mao Group") and Sinochem Group;

2 Framework lease agreement between the Company and Sinochem Group;

3 Entrustment Loan Framework Agreement between Franshion Properties (Hangzhou) Limited ("Hangzhou Properties"), Sky Power Properties Limited ("Sky Power Properties") and Sinochem Lantian Co., Ltd. ("Sinochem Lantian").

II. Continuing connected transactions approved by independent shareholders:

4 Entrustment loan framework agreement between Shanghai Yin Hui Real Estate Development Company Limited ("Shanghai Yin Hui"), the Company and Shanghai International Port (Group) Co., Ltd. ("SIPG");

5 Loan framework agreement between Beijing Franshion Sunac Property Development Co., Ltd. ("Franshion Sunac"), Shanghai Tuofeng Investment Consulting Co., Ltd. ("Shanghai Tuofeng"), Tianjin Sunac Aocheng Investment Co., Ltd. ("Tianjin Aocheng") and Beijing Sunac Hengji Property Development Co., Ltd. ("Beijing Hengji");

6 Entrustment loan framework agreement between Jinmao Investment (Changsha) Co., Ltd. ("Jinmao Changsha"), Shanghai Jinmao Economic Development Co., Ltd. ("Jinmao Development") and Changsha CSC Investment Co., Ltd. ("CSC Changsha");

7 Renewed framework financial service agreement between the Company and Sinochem Finance Co., Ltd. ("Sinochem Finance").

For these continuing connected transactions, the Company confirmed that it had complied with the requirements under Chapter 14A of the Listing Rules. During the Year, when conducting these continuing connected transactions, the Company had complied with the pricing policies and guidelines formulated upon such transactions were entered into. Set out below is a summary of all these transactions:

I. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1 Framework lease agreement between Jin Mao Group and Sinochem Group

In preparation for the separate listing of Jinmao Hotel on the Main Board of the Hong Kong Stock Exchange, on 13 June 2014, Jin Mao Group entered into a framework lease agreement with Sinochem Group with respect to the lease of the relevant units in Jin Mao Tower (the "Jin Mao Framework Lease Agreement"). The Jin Mao Framework Lease Agreement, which took effect upon the listing of Jinmao Hotel on 2 July 2014, is valid for a period of three years. For the three years ended 31 December 2016, the annual transaction caps (including rent, property management fee and other charges) amounted to approximately RMB97.6 million, RMB116.8 million and RMB145.4 million respectively.

On 7 December 2016, Jin Mao Group entered into a renewed framework lease agreement with Sinochem Group with respect to the lease of the relevant units in Jin Mao Tower (the "Renewed Jin Mao Framework Lease Agreement"). The Renewed Jin Mao Framework Lease Agreement, which took effect on 1 January 2017, is valid for a period of two years. For the two years ending 31 December 2018, the annual transaction caps (including rent, property management fee and other charges) are RMB59.7 million and RMB64.1 million respectively.

Jin Mao Group is a non wholly-owned subsidiary of the Company. Sinochem Group is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the Jin Mao Framework Lease Agreement, the Renewed Jin Mao Framework Lease Agreement and the transactions contemplated under the specific lease contracts constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2016, the transaction amount did not exceed the annual cap.

Please refer to the sub-section under "Framework lease agreement between the Company and Sinochem Group" below for further details.

2 Framework lease agreement between the Company and Sinochem Group

The Company and Sinochem Group entered into two framework lease agreements for lease of the relevant units in Beijing Chemsunny World Trade Centre and Sinochem Tower and Jin Mao Tower on 31 December 2008 and 31 July 2009, respectively (the "Original Framework Lease Agreements"). In order to streamline and optimise the regulation of the leasing relationship in respect of the relevant units in Beijing Chemsunny World Trade Centre, Sinochem Tower and Jin Mao Tower between the Company (and its subsidiaries) and Sinochem Group (and its associates), the Company entered into with Sinochem Group a comprehensive framework lease agreement (the "New Framework Lease Agreement") on 11 November 2011 in place of the two Original Framework Lease Agreements. The New Framework Lease Agreement was considered and approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 December 2011. The New Framework Lease Agreement is valid for a term of 10 years commencing from 1 January 2012. Pursuant to the New Framework Lease Agreement:

(1) The two Original Framework Lease Agreements shall be terminated on 31 December 2011 and the New Framework Lease Agreement shall take effect on 1 January 2012.

(2) Pursuant to the two Original Framework Lease Agreements, all the existing specific lease agreements in respect of the relevant units in Beijing Chemsunny World Trade Centre and Sinochem Tower in Beijing, China and the relevant units in Jin Mao Tower in Shanghai, China entered into between the Company (and its subsidiaries) and Sinochem Group (and its associates) respectively shall be included in and regulated by the New Framework Lease Agreement upon the termination of the Original Framework Lease Agreements.

(3) The rent under the New Framework Lease Agreement shall be determined based on the relevant specific lease agreements, which includes the property management fee of the relevant units and various miscellaneous expenses actually incurred, including but not limited to car park rental, car park management fee, car parking fee, water charge, electricity charge, gas charge, phone bill and overtime air-conditioning charge, maintenance fee and catering fee (if applicable). The rent shall be paid by lessees in accordance with the provisions of the specific lease agreements.

(4) On 3 November 2014, taking into consideration the estimated transaction amount under the Jin Mao Framework Lease Agreement (please refer to the section headed "Framework lease agreement between Jin Mao Group and Sinochem Group" above for details), the annual caps (including rent, property management fee and other charges) prescribed by the Company for the two years ended 31 December 2016 with respect to the leased properties under the New Framework Lease Agreement amounted to RMB443.6 million and RMB493.8 million, respectively.

(5) Given that the annual cap under the New Framework Lease Agreement was expired on 31 December 2016, on 7 December 2016, taking into consideration the estimated transaction amount under the Renewed Jin Mao Framework Lease Agreement (please refer to the section headed "Framework lease agreement between Jin Mao Group and Sinochem Group" above for details), the annual caps (including rent, property management fee and other charges) prescribed by the Company for the two years ending 31 December 2018 with respect to the leased properties under the New Framework Lease Agreement are RMB406.51 million and RMB448.37 million, respectively.

In 2016, details of the New Framework Lease Agreement and the transactions contemplated under the specific lease contracts are as follows:

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2016
1. 10 subsidiaries of Sinochem Group	Lease of relevant units in Jin Mao Tower from the Group			34,126,412
1A Sinochem International (Holdings) Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2007 to 2016	RMB	18,017,000
1B Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2007 to 2017	RMB	9,564,593
1C Shanghai Sinochem-Stolt Shipping Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2009 to 2016	RMB	721,764
1D Sinochem Crop Care Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2011 to 2016	RMB	1,334,794
1E Hainan Sinochem Shipping Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2016	RMB	1,014,221
1F Jiangsu Sinorgchem Technology Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2016	RMB	141,337
1G Shanghai Aoxing International Shipping Management Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2016	RMB	1,188,660
1H Shanghai Safe-Transport Chemical Logistics Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2013 to 2016	RMB	595,288
1I Shanghai Newport China Tank Containers Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2013 to 2016	RMB	754,081
1J Sinochem International Logistics Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2013 to 2016	RMB	794,674

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2016
2. Sinochem Group and its 12 subsidiaries	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group			228,981,538
2A Sinochem Group	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	8,512,970
2B Sinochem Corporation	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	100,539,307
2C Sinochem Fertilizer Company Limited	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	22,864,255
2D Sinochem International Oil Company	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	32,148,470
2E Sinochem International Industrial Company	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	1,028,100
2F Sinochem Petroleum Exploration and Production Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	11,728,586
2G China Foreign Economy and Trade & Investment Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	31,238,796
2H Sinochem Finance Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2008 to 2017	RMB	11,387,927
2I New XCL (China) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2011 to 2017	RMB	1,571,276
2J Dalian Total Consultancy Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2012 to 2017	RMB	23,889
2K Sinochem Insurance Brokers (Beijing) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2013 to 2017	RMB	4,850,050
2L Sinochem Agriculture Holdings Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2015 to 2017	RMB	3,087,912

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2016
3. 11 subsidiaries of Sinochem Group	Lease of relevant units in Sinochem Tower from the Group			49,557,015
3A Sinochem Corporation	Lease of relevant units in Sinochem Tower from the Group	2007 to 2019	RMB	5,233,077
3B Sinochem International Tendering Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2007 to 2019	RMB	9,308,564
3C Sinochem Plastics Company	Lease of relevant units in Sinochem Tower from the Group	2007 to 2019	RMB	9,361,767
3D China National Seed Group Corp.	Lease of relevant units in Sinochem Tower from the Group	2007 to 2019	RMB	7,791,569
3E Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2006 to 2019	RMB	6,109,509
3F Sinochem Energy-Saving and Environmental Protection Holding (Beijing) Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2013 to 2019	RMB	587,318
3G Sinochem International (Holdings) Co., Ltd., Beijing Branch	Lease of relevant units in Sinochem Tower from the Group	2007 to 2019	RMB	3,743,034
3H Sinochem International Oil Company	Lease of relevant units in Sinochem Tower from the Group	2010 to 2016	RMB	25,143
3I China Foreign Economy and Trade & Investment Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2010 to 2019	RMB	3,689,881
3J Sinochem Asset Management Company	Lease of relevant units in Sinochem Tower from the Group	2013 to 2019	RMB	3,196,828
3K Fortune International Winery (Beijing) Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2014 to 2016	RMB	510,325
Total				312,664,965

Sinochem Group is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the New Framework Lease Agreement and the transactions contemplated under the specific lease contracts constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2016, the transaction amount did not exceed the annual cap.

3 Entrustment Loan Framework Agreement between Hangzhou Properties, Sky Power Properties and Sinochem Lantian

On 26 February 2016, Hangzhou Properties entered into a framework agreement with its shareholders, namely Sky Power Properties and Sinochem Lantian, pursuant to which Hangzhou Properties agreed to provide entrustment loans to Sky Power Properties and Sinochem Lantian (or their respective designated loan receiving entities) based on the same terms and conditions and in proportion to their respective shareholdings in Hangzhou Properties. Under the Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the one-year RMB benchmark loan interest rate for financial institutions published by the PBOC from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into entrustment loan agreements with relevant financial institutions separately according to the terms and conditions set out in the Framework Agreement. The Framework Agreement shall be valid for three years. During the term of the Framework Agreement, the maximum daily balance (including the accrued interests) of the loans to be provided by Hangzhou Properties to Sinochem Lantian (or its designated loan receiving entity) will be RMB700 million. For the year ended 31 December 2016, the transaction amount did not exceed the annual cap.

Hangzhou Properties is an indirect non wholly-owned subsidiary of the Company. Sinochem Lantian is owned as to approximately 51% by Sinochem Group, which is the ultimate holding company of the Company. Accordingly, it is a connected person of the Company. As such, the transaction in relation to the provision of entrustment loans by Hangzhou Properties to Sinochem Lantian (or its designated loan receiving entity) constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

II. CONTINUING CONNECTED TRANSACTIONS APPROVED BY INDEPENDENT SHAREHOLDERS

4 Entrustment loan framework agreement between Shanghai Yin Hui, the Company and SIPG

On 12 November 2012, Shanghai Yin Hui entered into a framework agreement with its shareholders, namely the Company and SIPG (the "Original Yin Hui Framework Agreement"), pursuant to which Shanghai Yin Hui agreed to provide entrustment loans to the Company and SIPG (or their respective designated wholly-owned subsidiaries) based on the same terms and conditions and in proportion to their respective shareholdings in Shanghai Yin Hui. On 25 June 2014, Shanghai Yin Hui entered into a new framework agreement with the Company and SIPG (the "New Yin Hui Framework Agreement") in place of the Original Yin Hui Framework Agreement in order to, inter alia, revise the maximum daily balance and interest rate of the loans to be provided by Shanghai Yin Hui. The Original Yin Hui Framework Agreement has been terminated upon entering into the New Yin Hui Framework Agreement, and all the existing entrustment loan agreements entered into by the parties pursuant to the Original Yin Hui Framework Agreement are included in and regulated by the New Yin Hui Framework Agreement. Under the New Yin Hui Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the prevailing benchmark interest rates of RMB demand deposits for financial institutions published by the PBOC. The parties shall enter into entrustment loan agreements with relevant financial institutions separately according to the terms and conditions set out in the New Yin Hui Framework Agreement. The New Yin Hui Framework Agreement shall be valid for a term of three years. During the term of the New Yin Hui Framework Agreement, the maximum daily balance (including the accrued interests) of the loans to be provided by Shanghai Yin Hui to SIPG (including its designated wholly-owned subsidiaries) is RMB1,600 million. For the year ended 31 December 2016, the transaction amount did not exceed the annual cap.

Shanghai Yin Hui, owned as to 50% by each of the Company and SIPG, is a non wholly-owned subsidiary of the Company. SIPG is the substantial shareholder of Shanghai Yin Hui and is therefore a connected person of the Company. Accordingly, the transaction in relation to the provision of entrustment loans by Shanghai Yin Hui to SIPG (or its designated wholly-owned subsidiaries) constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. A written consent has been obtained from Sinochem Hong Kong (the immediate controlling shareholder of the Company currently holding approximately 53.97% interest in the Company) in respect of the New Yin Hui Framework Agreement.

5 Loan framework agreement between Franshion Sunac, Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji

On 15 October 2013, Franshion Sunac entered into a framework agreement with its shareholders, namely Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji (the "Original Sunac Framework Agreement"), pursuant to which Franshion Sunac agreed to provide loans to Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji based on the same terms and conditions and in proportion to their respective shareholdings in Franshion Sunac. On 25 June 2014, Franshion Sunac entered into a framework agreement with Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji (the "New Sunac Framework Agreement") in place of the Original Sunac Framework Agreement in order to, inter alia, revise the maximum daily balance and interest rate of the loans to be provided by Franshion Sunac. The Original Sunac Framework Agreement has been terminated upon entering into the New Sunac Framework Agreement, and all the existing loan agreements entered into by the parties pursuant to the Original Sunac Framework Agreement are included in and regulated by the New Sunac Framework Agreement. Under the New Sunac Framework Agreement, the actual interest rates of each of the loans shall be determined by reference to the prevailing benchmark interest rates of RMB demand deposits for financial institutions published by the PBOC. As Tianjin Aocheng and Beijing Hengji are owned by the same effective controller, Tianjin Aocheng agreed to designate Beijing Hengji to receive on its behalf the loans to be provided by Franshion Sunac to Tianjin Aocheng under the New Sunac Framework Agreement. Tianjin Aocheng and Beijing Hengji are jointly and severally liable for the repayment of the loans (including the accrued interests) received by Beijing Hengji on behalf of Tianjin Aocheng. Franshion Sunac shall enter into specific loan agreements separately with Shanghai Tuofeng and Beijing Hengji according to the terms and conditions set out in the New Sunac Framework Agreement. The New Sunac Framework Agreement is valid for a term of three years. During the term of the New Sunac Framework Agreement, the maximum daily balance (including the accrued interests) of the loans to be provided by Franshion Sunac to Tianjin Aocheng and Beijing Hengji is RMB1,200 million. For the year ended 31 December 2016, the transaction amount did not exceed the annual cap.

Shanghai Tuofeng is a wholly-owned subsidiary of the Company. Franshion Sunac, owned as to 51%, 24% and 25% by Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji respectively, is a non wholly-owned subsidiary of the Company. Tianjin Aocheng and Beijing Hengji are the substantial shareholders of Franshion Sunac and are therefore connected persons of the Company. Accordingly, the transaction in relation to the provision of loans by Franshion Sunac to Tianjin Aocheng and Beijing Hengji constitutes the provision of financial assistance by the Company to connected persons, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. A written consent has been obtained from Sinochem Hong Kong (the immediate controlling shareholder of the Company currently holding approximately 53.97% interest in the Company) in respect of the New Sunac Framework Agreement.

6 Entrustment loan framework agreement between Jinmao Changsha, Jinmao Development and CSC Changsha

On 21 October 2013, Jinmao Changsha entered into a framework agreement with its shareholders, namely Jinmao Development and CSC Changsha (the "Original Changsha Framework Agreement"), pursuant to which Jinmao Changsha agreed to provide entrustment loans to Jinmao Development (or its designated non-connected subsidiaries of the Company) and CSC Changsha (or any one of its designated shareholders) based on the same terms and conditions and in proportion to their respective shareholdings in Jinmao Changsha. On 25 June 2014, Jinmao Changsha entered into a new framework agreement with Jinmao Development and CSC Changsha (the "New Changsha Framework Agreement") in place of the Original Changsha Framework Agreement in order to, inter alia, revise the maximum daily balance and interest rate of the loans to be provided by Jinmao Changsha. The Original Changsha Framework Agreement has been terminated upon entering into the New Changsha Framework Agreement, and all the existing entrustment loan agreements entered into by the parties pursuant to the Original Changsha Framework Agreement are included in and regulated by the New Changsha Framework Agreement. Under the New Changsha Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the prevailing benchmark interest rates of RMB demand deposits for financial institutions published by the PBOC. The parties shall enter into entrustment loan agreements separately with relevant financial institutions according to the terms and conditions set out in the New Changsha Framework Agreement. The New Changsha Framework Agreement is valid for a term of three years. During the term of the New Changsha Framework Agreement, the maximum daily balance (including the accrued interests) of the loans to be provided by Jinmao Changsha to CSC Changsha (or any one of its designated shareholders) is RMB1,200 million. For the year ended 31 December 2016, the transaction amount did not exceed the annual cap.

Jinmao Development is a wholly-owned subsidiary of the Company. Jinmao Changsha, owned as to 80% and 20% respectively by Jinmao Development and CSC Changsha, is a non wholly-owned subsidiary of the Company. CSC Changsha is the substantial shareholder of Jinmao Changsha and is therefore a connected person of the Company. Accordingly, the transaction in relation to the provision of entrustment loans by Jinmao Changsha to CSC Changsha (or any one of its designated shareholders) constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. A written consent has been obtained from Sinochem Hong Kong (the immediate controlling shareholder of the Company currently holding approximately 53.97% interest in the Company) in respect of the New Changsha Framework Agreement.

7 Renewed framework financial service agreement between the Company and Sinochem Finance

The framework financial service agreement dated 11 November 2011 entered into between the Company and Sinochem Finance was expired on 3 December 2014. On 3 November 2014, the Company and Sinochem Finance entered into a renewed framework financial service agreement (the "Renewed Framework Financial Service Agreement"), pursuant to which the Company and its subsidiaries will, as it considers necessary, continue to use the financial services provided by Sinochem Finance on a non-exclusive basis, including deposit and loan services, entrustment loans, settlement services, guarantee services, internet banking services and any other financial services as approved by the China Banking Regulatory Commission, and pay the relevant interests and service fees to or receive deposit interests from Sinochem Finance. The relevant fees and loan interests shall be determined at a rate no higher than the standards as set by the PBOC from time to time or market price, and the deposit interests shall be determined at a rate no lower than the standards as set by the PBOC from time to time or market price. The settlement and guarantee services are provided free of charge. The term of the Renewed Framework Financial Service Agreement is three years. For each of the three years ending 31 December 2017, the cap on the maximum daily balance for deposits at Sinochem Finance shall be RMB2,800 million. The deposit service under the Renewed Framework Financial Service Agreement (including the maximum daily balance) was considered and approved at the extraordinary general meeting of the Company held on 5 December 2014.

Sinochem Finance is a subsidiary of Sinochem Group, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. Under the Listing Rules, the provision of financial services to the Company by Sinochem Finance constitutes a continuing connected transaction of the Company. For the year ended 31 December 2016, the transaction amount did not exceed the annual cap.

CONNECTED TRANSACTIONS

During the Period under Review, the Company did not have any one-time connected transactions.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In the opinion of the independent non-executive Directors of the Company, the continuing connected transactions for the year ended 31 December 2016 were entered into by the Group:

- in the ordinary and usual course of its business;
- on normal commercial terms; and
- in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have been engaged to report on the above connected transactions of the Company in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board of Directors has received an unqualified letter from the auditors of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that the auditors have not noticed that any of these continuing connected transactions:

- have not been approved by the Board of Directors of the Company;
- for the connected transactions involving the provision of goods or services by the Group have not been entered into in accordance with the pricing policies of the Group in all material aspects;
- have not been entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions in all material aspects; and
- have exceeded the relevant caps for the year ended 31 December 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in the "Share Capital and Share Options" under the section headed "Report of the Directors" in this report, during the Period under Review, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ISSUANCE OF GUARANTEED NOTES

1 Issuance of perpetual capital securities

As stated in the announcements of the Company dated 1 February 2016, 2 February 2016 and 4 February 2016, the Company and Franshion Brilliant Limited (as the issuer), a wholly-owned subsidiary of the Company, entered into a placing agency agreement with Standard Chartered Bank on 29 January 2016 in connection with the placement of the 6% subordinated guaranteed perpetual capital securities with the aggregate principal amount of US$350,000,000, and entered into a placing agency agreement on 2 February 2016 in connection with the placement of the additional 6% subordinated guaranteed perpetual capital securities with the aggregate principal amount of US$150,000,000. The securities are irrevocably guaranteed by the Company. The issuance was completed on 4 February 2016. The net proceeds from the issuance of the securities by the Company, after deduction of commissions and other estimated expenses, amounted to approximately US$499.4 million, which were intended to be used for refinancing of outstanding indebtedness, working capital and other general corporate purposes. As of the date of this report, the Group did not redeem or cancel any of these securities.

2 Issuance of domestic renewable corporate bonds

As stated in the announcements of the Company dated 18 April 2016, 13 June 2016 and 16 June 2016, Jinmao Investment Management (Shanghai) Co., Ltd. (a wholly-owned subsidiary of the Company incorporated in China), as the issuer, completed the issuance of the domestic renewable corporate bonds in the amount of RMB2,000,000,000 to qualified investors on 16 June 2016. The bonds are guaranteed by the Company. According to the final coupon rate of 3.70% determined based on the book-building results of the co-lead underwriters (joint bookrunners), the issuer intends to apply the proceeds from the issuance of the bonds to replenish its working capital. As at the date of this report, the Group did not redeem or cancel any of these bonds.

3 Issuance of perpetual capital securities

As stated in the announcements of the Company dated 10 January 2017, 18 January 2017, 20 January 2017 and 10 February 2017, the Company together with Franshion Brilliant Limited as the issuer entered into a placement agency agreement with Goldman Sachs (Asia) L.L.C. and The Hongkong and Shanghai Banking Corporation Limited as the placing agents in connection with the placement of the 5.75% subordinated guaranteed perpetual capital securities with the aggregate principal amount of US$200,000,000, and entered into a purchase agreement with Goldman Sachs (Asia) L.L.C. as the initial purchaser in connection with the placement of the 5.75% subordinated guaranteed perpetual capital securities with the aggregate principal amount of US$300,000,000. These securities are guaranteed by the Company and the issuance was completed on 17 January 2017. The net proceeds from the placement and issuance of these securities, after deduction of commissions and other estimated expenses, amounted to approximately US$495.9 million. The Company intends to use the net proceeds for its refinancing of outstanding indebtedness, working capital and other general corporate purposes. These securities were listed and traded on the Hong Kong Stock Exchange on 23 January 2017. As at the date of this report, the Group did not redeem or cancel any of these securities.

4 Repurchase of senior guaranteed notes and issuance of new notes

As stated in the announcements of the Company dated 21 February 2017, 22 February 2017 and 3 March 2017, the Company offered to repurchase in cash the 4.70% senior guaranteed notes due 2017 issued by Franshion Brilliant Limited (which are listed on the Hong Kong Stock Exchange) with the outstanding principal amount of US$500,000,000, and has made an offer to the holders to repurchase any and all of their notes at the purchase price together with accrued interest payments subject to the conditions set forth in the tender offer memorandum. The Company has appointed The Hongkong and Shanghai Banking Corporation Limited as the sole dealer manager, and D.F. King Ltd. as the tender agent in relation to the offer. The purpose of the offer is to improve and extend the Company's debt maturity profile and reduce the Company's financing costs and is part of the Company's liability management programme.

On 22 February 2017, the Company entered into a purchase agreement with The Hongkong and Shanghai Banking Corporation Limited, DBS Bank Ltd., Goldman Sachs (Asia) L.L.C., Standard Chartered Bank, Bank of Communications Co., Ltd., Hong Kong Branch and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch as initial purchasers in respect of the subscription and sale of the 3.60% senior guaranteed notes due 2022 with the principal amount of US$500,000,000 issued by Franshion Brilliant Limited.

These notes are guaranteed by the Company and the issuance was completed on 3 March 2017. The net proceeds from the issuance of these notes amounted to approximately US$499.775 million. The Company intends to use the net proceeds to fund the repurchase of notes and for general funding purposes. These notes were listed and traded on the Hong Kong Stock Exchange on 6 March 2017. As at the date of this report, the Group did not redeem or cancel any of these notes.

REVIEW OF THE OPTION OVER SHIMAO INVESTMENT BY THE INDEPENDENT BOARD COMMITTEE

A meeting was held by the Independent Board Committee comprising all independent non-executive Directors of the Company on 28 March 2017 to review its decision made on 19 August 2016 not to exercise, for the time being, the option to acquire Sinochem Group's 15% interest in China Shimao Investment Company Limited ("Shimao Investment").

The Independent Board Committee has carefully reviewed the relevant information of Shimao Investment, taking into account the facts that Sinochem Group is a financial investor of Shimao Investment and owns a minority and passive interest in it only, and that the Company currently has a relatively high overall total debt position and the funds of the Company should be mainly used for expanding the land reserve for development segments to accelerate the asset turnover ratio and the recovery of cash receivables. Recently, the Company has made significant progress in land reserve and the projects that are recently acquired and require capital investment include Nanjing Yuzui Financial Service Cluster Project, Shanghai Tilanqiao 92 Jie Fang Project, Shenzhen Longhua New District Shangtang Project and Nanjing Qinglong Mountain International Ecological New City Project. In addition, Phase I and Phase II development of Changsha Meixi Lake International New City Project are large-scale development projects with long development cycle and huge demand for funds. The Company considers that the acquisition of Shimao Investment at the moment would pose greater challenges to the Company in various aspects, including manpower and financial capacity. As such, the independent non-executive Directors unanimously agreed that the exercise of the option over Shimao Investment at this moment is not in line with the Company's prudent investment policy, and is not in the best interests of the Company and the shareholders as a whole.

The Independent Board Committee unanimously resolved not to exercise the option to acquire Sinochem Group's 15% interest in Shimao Investment at this moment. As disclosed in the prospectus and the announcement dated 9 April 2010 of the Company, the Independent Board Committee would continue to review the option over Shimao Investment at the time when the interim and annual reports of the Company are to be released.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditors of the Company the accounting principles and practices adopted by the Company, and discussed with them the audit, internal control and financial reporting matters of the Company, including review of the financial statements for 2016. The 2016 financial statements prepared in accordance with Hong Kong Financial Reporting Standards were audited by Ernst & Young based on the Hong Kong Standards on Auditing. Ernst & Young issued unqualified opinion on the 2016 financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period under Review, the material acquisitions and disposals entered into by the Company include the following:

1 Acquisition of 49% interest in Enhanced Experience Limited

On 22 January 2016, the Company and Fortune Elite International Limited ("Fortune Elite"), a wholly-owned subsidiary of the Company, entered into a share purchase agreement with the sellers (comprising certain companies with limited liability which are directly or indirectly owned (as the case may be) by certain private investment funds managed by The Blackstone Group L.P. and its affiliates and ultimately controlled by The Blackstone Group, the "Sellers"), pursuant to which Fortune Elite shall acquire from the Sellers 49% interest in Enhanced Experience Limited ("Enhanced Experience") at a consideration of US$179,900,000 in cash. Enhanced Experience is a non wholly-owned subsidiary of the Company and indirectly wholly owns Franshion Properties (Ningbo) Co., Ltd. Upon completion of the transaction, Enhanced Experience has become a wholly-owned subsidiary of the Company.

As at the date of the above transaction, Enhanced Experience is an insignificant subsidiary of the Company under Chapter 14A of the Listing Rules. Accordingly, the Sellers are not connected persons of the Company and the transaction does not constitute a connected transaction under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the transaction is more than 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement. For details of the transaction, please refer to the announcement of the Company dated 22 January 2016 on "Discloseable Transaction – Acquisition of 49% Interest in Enhanced Experience Limited". The transaction completed on 29 January 2016.

2 Acquisition of 49% equity interest in Changsha Shengrong

On 28 March 2016, Changsha Jin Mao Real Estate Co., Ltd. ("Jin Mao Real Estate"), a wholly-owned subsidiary of the Company, and Yunnan International Trust Co., Ltd. ("Yunnan Trust") entered into an equity transfer agreement, pursuant to which Yunnan Trust has agreed to sell, and Jin Mao Real Estate has agreed to acquire, 49% equity interest in Changsha Franshion Shengrong Properties Co., Ltd. ("Changsha Shengrong") at the consideration of RMB930.75 million. Upon completion of the transaction, Changsha Shengrong has become an indirect wholly-owned subsidiary of the Company.

As at the date of the above transaction, Changsha Shengrong is an insignificant subsidiary of the Company under Chapter 14A of the Listing Rules. As such, Yunnan Trust is not a connected person of the Company, and the transaction does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the transaction are more than 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement. For details of the transaction, please refer to the announcement of the Company dated 28 March 2016 on "Discloseable Transaction – Acquisition of 49% Equity Interest in Changsha Shengrong". The transaction completed on 7 April 2016.

3 Deemed disposal of interest in Jinmao Hangzhou

On 30 May 2016, the Company, Make Friend Limited ("Make Friend"), Jinmao Hangzhou Property Development Co., Ltd. ("Jinmao Hangzhou") (as the project company) and Jiaxing Jinfang Qiantang Equity Investment Partnership (Limited Partnership) (the "Partnership") entered into a development cooperation agreement, pursuant to which the parties have agreed that the Partnership and Make Friend will jointly develop a land parcel project. The Partnership will make capital contribution of RMB1,600 million to Jinmao Hangzhou. Upon completion of the above transaction, the registered capital of Jinmao Hangzhou will increase to RMB3,200 million, in which Make Friend and the Partnership will each hold 50% equity interest in Jinmao Hangzhou, and Jinmao Hangzhou will become a non wholly-owned subsidiary of the Company.

As at the date of the above transaction, both Make Friend and Jinmao Hangzhou are wholly-owned subsidiaries of the Company. The Partnership is formed with Jiaxing Jinfang as the general partner and another investor holding the rest of the equity interest as the limited partner. Pursuant to the Listing Rules, as the highest applicable percentage ratio in respect of the transaction is more than 5% but less than 25%, the transaction constitutes a discloseable transaction under the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholder's approval requirement. For details of the transaction, please refer to the announcement of the Company dated 30 May 2016 on "Discloseable Transaction – Deemed Disposal of Interest in Jinmao Hangzhou". The transaction completed on 8 October 2016.

4 Acquisition of 100% equity interest in Yulong Real Estate

On 21 September 2016, Shanghai Qingmao Property Co., Ltd. ("Qingmao Property"), a wholly-owned subsidiary of the Company, entered into a development cooperation agreement with Shanghai Future Land Wanjia Real Estate Co., Ltd. ("Future Land Real Estate") and its wholly-owned subsidiary Shanghai Yulong Real Estate Development Co., Ltd. ("Yulong Real Estate"), pursuant to which the parties have agreed that Qingmao Property shall acquire the 100% equity interest in Yulong Real Estate held by Future Land Real Estate. Upon completion of the transaction, Qingmao Property will indirectly hold 49% equity interest in the project company (a company jointly established by Future Land Real Estate and Yulong Real Estate on 17 August 2016 to develop the project land parcel) through Yulong Real Estate, and Future Land Real Estate will hold the remaining 51% equity interest in the project company, thereby enabling both parties to jointly develop the project land parcel.

As the highest applicable percentage ratio for the transaction is above 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement. For details of the transaction, please refer to the announcement of the Company dated 21 September 2016 on "Discloseable Transaction – Entering into the Development Cooperation Agreement with Future Land Real Estate and Yulong Real Estate". The transaction completed on 23 September 2016.

MATERIAL LITIGATION

For the year ended 31 December 2016, the Company was not subject to any material litigation that could have an adverse impact on the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as the issuance of perpetual capital securities, repurchase of senior guaranteed notes and issuance of new notes (details of which are set out in "Issuance of Guaranteed Notes" under the section headed "Report of the Directors" in this report), there were no material events of the Group after the Period under Review.

AUDITORS

The financial statements of the Group have been audited by Ernst & Young, who has offered itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the auditors of the Company.

On Behalf of the Board
NING Gaoning
Chairman

Independent Auditor's Report

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the members of China Jinmao Holdings Group Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of China Jinmao Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 148 to 253, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revaluation of investment properties	
The Group adopted the fair value model for its investment properties in accordance with HKAS 40 *Investment Property*. Changes in fair values were recorded in profit or loss. The Group's investment properties were revalued individually based on the valuations performed by DTZ Debenham Tie Leung Limited, Shanghai Cairui Real Estate Land Appraisal Co., Ltd., Beijing Renda Real Estate Appraisal Co., Ltd. and Beijing Zhuoxindahua Appraisal Co., Ltd., independent professionally qualified appraisers, as at 31 December 2016. Different valuation techniques were applied to different types of investment properties. As both the year-end balance of RMB22,029,331,000 and the changes in fair value of RMB728,599,000 were significant, and the valuation involved management judgement and estimates based on a projection of future rental income, growth rate, vacancy rate, discount rate and reversionary yield, we considered it a key audit matter of our audit. Relevant disclosures are included in notes 3 and 17 to the consolidated financial statements.	We obtained an understanding of the work of external appraiser engaged by management, and considered the competence, capabilities and objectivity of the appraisers. We involved our internal real estate valuation specialists to assist us in evaluating the valuation techniques and challenging the underlying assumptions for selected samples. We compared market rental assumptions against actual rents of existing leasing contracts and external market rents, expected vacancy rate against historical data maintained by the Group, and in respect of the discount rate, growth rate and reversionary yield against those of peers with similar nature and area of properties. We also assessed the adequacy of the disclosures of investment properties, including valuation sensitivity and fair value hierarchy.
Impairment of trade receivables	
As at 31 December 2016, the balance of trade receivables of the Group was RMB6,446,477,000, arising from its land development revenue, the sale of properties, leasing activities, the provision of hotel and property management services. The Group was exposed to credit risks thereof. The impairment of trade receivables was made based on an evaluation of the collectability, aged analysis of the outstanding receivables and management's judgement. Since significant judgement by management was involved in assessing the collectability of trade receivables, including the creditworthiness and the past collection history of each customer, we considered it significant to our audit. Relevant disclosures are included in notes 3 and 23 to the consolidated financial statements.	We performed tests of controls over management's internal monitoring process on the collectability of trade receivable, including the aging analysis. We assessed the management's assumptions used to estimate the provision for impairment. On a sample basis, we tested the receipts of cash after the reporting period and checked the underlying documents supporting the recoverability of the outstanding balances.

Key audit matter	How our audit addressed the key audit matter
Share option scheme	
On 17 October 2016, an aggregate of 172,350,000 share options (the "Share Options") to subscribe for ordinary shares of the Company were granted, under the share option scheme adopted by the shareholders of the Company on 22 November 2007 with an exercise price of HK$2.196 per share. The Share Options are exercisable for a period of five years commencing on the date which is two years after the date of grant, subject to the vesting conditions and early termination provisions as set out in the share option scheme and the share option grant letter.	We examined the acceptance letter signed by grantees. For the valuation of the Share Options, we obtained an understanding of the work of the external professional valuer engaged by management, and we considered the competence, capabilities and objectivity of the valuer. We involved our internal financial instrument valuation specialists to assist us in evaluating the valuation techniques and challenging the underlying assumptions. We recalculated the amortisation of the equity-settled transactions during the year. We also assessed the adequacy of the Group's disclosures about share-based compensation.
The total cost of equity-settled transactions was measured with reference to the fair value at the grant date. The fair value of the granted share options was determined by an external professional valuer. The cost of equity-settled transactions is recognised as employee benefit expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The Group reassesses its estimate of the number of share options expected to vest at the end of the reporting period. The determination of fair value of share options granted and the number of share options expected to vest requires significant management judgement and estimates.	
Relevant disclosures are included in notes 2.4 and 37 to the consolidated financial statements.	

Other information included in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Chin Hung.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2017

Consolidated Statement of Profit or Loss

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
REVENUE	5	**27,304,073**	17,770,703
Cost of sales		**(17,099,317)**	(10,899,486)
Gross profit		**10,204,756**	6,871,217
Other income and gains	5	**1,493,026**	2,190,084
Selling and marketing expenses		**(804,573)**	(787,335)
Administrative expenses		**(1,561,732)**	(1,235,896)
Other expenses and losses, net		**(239,810)**	(88,333)
Finance costs	7	**(728,662)**	(456,415)
Share of profits and losses of:			
Joint ventures		**(43,748)**	(12,999)
Associates		**(28,459)**	(72,066)
PROFIT BEFORE TAX	6	**8,290,798**	6,408,257
Income tax expense	10	**(3,717,116)**	(2,307,172)
PROFIT FOR THE YEAR		**4,573,682**	4,101,085
Attributable to:			
Owners of the parent		**2,535,515**	3,045,520
Non-controlling interests		**2,038,167**	1,055,565
		4,573,682	4,101,085
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12	**RMB cents**	RMB cents
Basic		**23.76**	30.64
Diluted		**21.03**	26.17

Consolidated Statement of Comprehensive Income

Year ended 31 December 2016

	2016 RMB'000	2015 RMB'000 (Restated)
PROFIT FOR THE YEAR	**4,573,682**	4,101,085
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,461,531)**	(1,276,857)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**–**	16,552
Income tax effect	**–**	(4,138)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**–**	12,414
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(1,461,531)**	(1,264,443)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,112,151**	2,836,642
Attributable to:		
Owners of the parent	**1,160,125**	1,792,331
Non-controlling interests	**1,952,026**	1,044,311
	3,112,151	2,836,642

Consolidated Statement of Financial Position

31 December 2016

	Notes	**31 December 2016 RMB'000**	31 December 2015 RMB'000 (Restated)	1 January 2015 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	13	**10,811,856**	12,238,262	9,800,664
Properties under development	14	**26,930,421**	18,801,018	21,899,203
Land under development	15	**11,705,031**	10,735,932	7,541,543
Investment properties	17	**22,029,331**	21,083,287	19,214,365
Prepaid land lease payments	18	**1,552,566**	2,374,707	1,521,853
Intangible assets	19	**29,294**	34,558	33,211
Investments in joint ventures	20	**2,667,304**	973,038	94,020
Investments in associates	21	**2,708,699**	1,453,662	1,374,232
Due from a related party	25	**–**	2,403,148	2,473,060
Deferred tax assets	33	**1,364,011**	1,009,417	893,370
Due from non-controlling shareholders	28	**309,173**	–	100,000
Other long term receivables	24	**333,577**	187,500	–
Other financial assets	26	**180,000**	33,515	33,515
Total non-current assets		**80,621,263**	71,328,044	64,979,036
CURRENT ASSETS				
Properties under development	14	**15,990,224**	19,421,232	14,451,822
Properties held for sale	16	**11,153,261**	6,316,921	6,010,480
Land under development	15	**5,521,179**	4,664,787	2,682,589
Inventories	22	**100,930**	74,393	63,514
Trade receivables	23	**6,446,477**	2,547,302	2,834,634
Prepayments, deposits and other receivables	24	**8,611,458**	5,729,667	3,529,400
Due from related parties	25	**16,444,036**	8,770,694	2,813,035
Prepaid tax		**1,569,902**	398,221	270,548
Other financial assets	26	**71,430**	120,750	166,250
Restricted bank balances	27	**2,328,374**	2,757,355	1,255,854
Pledged deposits		**–**	–	5,000
Cash and cash equivalents	27	**18,045,582**	10,997,033	9,825,316
Total current assets		**86,282,853**	61,798,355	43,908,442
CURRENT LIABILITIES				
Trade and bills payables	29	**10,830,686**	11,574,755	6,414,147
Other payables and accruals	30	**33,137,279**	18,964,596	11,919,535
Interest-bearing bank and other borrowings	31	**12,943,953**	7,183,933	3,212,753
Due to related parties	25	**9,009,372**	4,279,420	1,660,562
Tax payable		**2,216,868**	1,514,677	1,651,883
Provision for land appreciation tax	32	**3,244,106**	1,896,220	1,887,761
Total current liabilities		**71,382,264**	45,413,601	26,746,641
NET CURRENT ASSETS		**14,900,589**	16,384,754	17,161,801
TOTAL ASSETS LESS CURRENT LIABILITIES		**95,521,852**	87,712,798	82,140,837
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	31	**34,980,817**	33,849,767	33,675,340
Deferred tax liabilities	33	**4,796,955**	4,514,321	4,025,160
Total non-current liabilities		**39,777,772**	38,364,088	37,700,500
Net assets		**55,744,080**	49,348,710	44,440,337

Consolidated Statement of Financial Position

31 December 2016

	Notes	**31 December 2016 RMB'000**	31 December 2015 RMB'000 (Restated)	1 January 2015 RMB'000 (Restated)
EQUITY				
Equity attributable to owners of the parent				
Share capital	36	**17,691,782**	17,691,782	14,249,358
Perpetual convertible securities	34	**2,638,374**	3,957,561	3,957,561
Other reserves	38	**11,296,135**	11,898,579	11,495,209
		31,626,291	33,547,922	29,702,128
Non-controlling interests		**24,117,789**	15,800,788	14,738,209
Total equity		**55,744,080**	49,348,710	44,440,337

Li Congrui
Director

Jiang Nan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

		Attributable to owners of the parent										
	Notes	Share capital RMB'000 (Restated) (note 36)	Perpetual convertible securities RMB'000 (Restated) (note 34)	Capital reserve RMB'000 (Restated) (note 38)	PRC statutory surplus reserve RMB'000 (Restated) (note 38)	Exchange fluctuation reserve RMB'000 (Restated)	Asset revaluation reserve RMB'000 (Restated) (note 38)	Share option reserve RMB'000 (Restated) (note 38)	Retained profits RMB'000 (Restated)	Total RMB'000 (Restated)	Non-controlling interests RMB'000 (Restated)	Total equity RMB'000 (Restated)
At 1 January 2015		14,249,358	3,957,561	(1,734,059)	1,525,953	410,883	108,182	24,741	11,159,509	29,702,128	14,738,209	44,440,337
Profit for the year		–	–	–	–	–	–	–	3,045,520	3,045,520	1,055,565	4,101,085
Other comprehensive loss for the year:												
Exchange differences related to foreign operations		–	–	–	–	(1,265,603)	–	–	–	(1,265,603)	(11,254)	(1,276,857)
Gains on property revaluation, net of tax		–	–	–	–	–	12,414	–	–	12,414	–	12,414
Total comprehensive income for the year		–	–	–	–	(1,265,603)	12,414	–	3,045,520	1,792,331	1,044,311	2,836,642
Perpetual convertible securities' distributions	34	–	–	–	–	–	–	–	(265,938)	(265,938)	–	(265,938)
Final 2014 dividend declared		–	–	–	–	–	–	–	(986,334)	(986,334)	–	(986,334)
Acquisition of non-controlling interests		–	–	(163,440)	–	–	–	–	–	(163,440)	(853,480)	(1,016,920)
Issue of new shares	36	3,433,056	–	–	–	–	–	–	–	3,433,056	–	3,433,056
Partial disposal of subsidiaries without loss of control		–	–	(5,031)	–	–	–	–	–	(5,031)	1,593,351	1,588,320
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	–	20,000	20,000
Dividends declared to non-controlling shareholders		–	–	26,124	–	–	–	–	–	26,124	(741,603)	(715,479)
Exercise of share options	36,37	9,368	–	–	–	–	–	(2,331)	–	7,037	–	7,037
Equity-settled share option arrangements	37	–	–	–	–	–	–	7,989	–	7,989	–	7,989
Transfer of share option reserve upon the forfeiture or expiry of share options		–	–	–	–	–	–	(7,996)	7,996	–	–	–
Transfer from retained profits		–	–	–	303,308	–	–	–	(303,308)	–	–	–
At 31 December 2015		17,691,782	3,957,561	(1,876,406)	1,829,261	(854,720)	120,596	22,403	12,657,445	33,547,922	15,800,788	49,348,710

Consolidated Statement of Changes in Equity

Year ended 31 December 2016

		Attributable to owners of the parent										
	Notes	Share capital RMB'000 (note 36)	Perpetual convertible securities RMB'000 (note 34)	Capital reserve RMB'000 (note 38)	PRC statutory surplus reserve RMB'000 (note 38)	Exchange fluctuation reserve RMB'000	Asset revaluation reserve RMB'000 (note 38)	Share option reserve RMB'000 (note 38)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016 (restated)		17,691,782	3,957,561	(1,876,406)	1,829,261	(854,720)	120,596	22,403	12,657,445	33,547,922	15,800,788	49,348,710
Profit for the year		–	–	–	–	–	–	–	2,535,515	2,535,515	2,038,167	4,573,682
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations		–	–	–	–	(1,375,390)	–	–	–	(1,375,390)	(86,141)	(1,461,531)
Total comprehensive income for the year		–	–	–	–	(1,375,390)	–	–	2,535,515	1,160,125	1,952,026	3,112,151
Perpetual convertible securities' distributions	34	–	–	–	–	–	–	–	(247,162)	(247,162)	–	(247,162)
Repurchase of perpetual convertible securities	34	–	(1,319,187)	–	–	–	–	–	(120,738)	(1,439,925)	–	(1,439,925)
Issue of perpetual securities, net of issue expenses	35	–	–	–	–	–	–	–	–	–	5,255,594	5,255,594
Final 2015 dividend declared	11	–	–	–	–	–	–	–	(721,841)	(721,841)	–	(721,841)
Acquisition of non-controlling interests		–	–	(655,297)	–	–	–	–	–	(655,297)	(2,330,855)	(2,986,152)
Capital contribution from non-controlling shareholders		–	–	26,315	–	–	–	–	–	26,315	3,819,611	3,845,926
Dividends declared to non-controlling shareholders		–	–	(52,988)	–	–	–	–	–	(52,988)	(379,375)	(432,363)
Equity-settled share option arrangements	37	–	–	–	–	–	–	9,142	–	9,142	–	9,142
Transfer of share option reserve upon the forfeiture or expiry of share options		–	–	–	–	–	–	(13,348)	13,348	–	–	–
Transfer from retained profits		–	–	–	354,635	–	–	–	(354,635)	–	–	–
At 31 December 2016		17,691,782	2,638,374	(2,558,376)*	2,183,896*	(2,230,110)*	120,596*	18,197*	13,761,932*	31,626,291	24,117,789	55,744,080

* These reserve accounts comprise the consolidated other reserves of RMB11,296,135,000 (2015: RMB11,898,579,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**8,290,798**	6,408,257
Adjustments for:			
Finance costs	7	**728,662**	456,415
Share of losses of joint ventures and associates		**72,207**	85,065
Interest income	5	**(357,202)**	(420,722)
Other investment income	5	**(104,256)**	(125,125)
Loss on disposal of items of property, plant and equipment	6	**1,278**	3,706
Reversal of impairment of trade receivables	6,23	**(937)**	(2,169)
Impairment of other receivables	6	**–**	26
Fair value gains on investment properties	5,17	**(728,599)**	(995,263)
Fair value gains on transfers from properties held for sale to investment properties	5	**(53,890)**	(279,258)
Depreciation	6,13	**334,049**	299,966
Recognition of prepaid land lease payments	6,18	**50,084**	52,761
Amortisation of intangible assets	6,19	**11,669**	9,075
Gain on disposal of subsidiaries	5,40	**(365)**	–
Equity-settled share option expense	6,37	**9,142**	7,989
		8,252,640	5,500,723
Increase in properties under development		**(20,588,127)**	(12,386,276)
Decrease in properties held for sale		**14,590,153**	8,753,772
Increase in land under development		**(1,555,619)**	(4,786,181)
Increase in inventories		**(26,537)**	(10,879)
(Increase)/decrease in trade receivables		**(3,898,238)**	289,501
Increase in prepayments, deposits and other receivables		**(6,323,259)**	(1,908,453)
Increase in amounts due from related parties		**(9,013,081)**	(131,251)
(Decrease)/increase in trade and bills payables		**(744,069)**	5,160,608
Increase in other payables and accruals		**15,777,565**	7,400,837
Increase in amounts due to related parties		**4,729,952**	2,618,858
Effect of exchange rate changes, net		**121,909**	(136,207)
Cash generated from operations		**1,323,289**	10,365,052
Interest received		**447,972**	207,226
PRC corporate income tax paid		**(2,411,253)**	(1,336,405)
Land appreciation tax paid		**(499,443)**	(858,211)
Net cash flows (used in)/from operating activities		**(1,139,435)**	8,377,662

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Other investment income received from unlisted investments		104,256	125,125
Purchases of items of property, plant and equipment		(523,375)	(922,582)
Proceeds from disposal of items of property, plant and equipment		1,430	4,409
Proceeds from disposal of intangible assets		3,884	–
Additions to investment properties	17	(19,547)	(23,863)
Additions to prepaid land lease payments	18	(1,746)	(3,749)
Additions to intangible assets	19	(10,289)	(10,313)
Increase in other financial assets		(211,430)	(122,518)
Disposal/deemed disposal of subsidiaries	40	(151,303)	(100)
Investments in joint ventures		(1,792,991)	(912,321)
Investments in associates		(712,000)	–
Decrease/(increase) in loans to joint ventures and associates		3,252,466	(5,603,832)
Decrease/(increase) in loans to non-controlling shareholders		78,078	(604,001)
Decrease/(increase) in entrustment loans to third parties		195,184	(687,000)
Advance of investment to a third party		(955,200)	–
Decrease in pledged deposits		–	5,000
Decrease/(increase) in restricted bank deposits		428,981	(1,501,501)
Net cash flows used in investing activities		(313,602)	(10,257,246)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of new shares upon placing		–	3,433,056
Issue of new shares upon exercise of options		–	7,037
Issue of perpetual securities, net of issue expenses		5,255,594	–
Proceeds from issue of domestic corporate bonds		–	2,191,091
Repurchase of perpetual convertible securities		(1,439,925)	–
New bank and other borrowings		41,557,459	17,635,816
Repayment of bank and other borrowings		(33,851,128)	(16,931,222)
Interest paid		(2,510,690)	(2,507,233)
Dividends paid		(721,841)	(986,334)
Dividends paid to non-controlling shareholders		(532,113)	(280,170)
Acquisition of non-controlling interests		(2,905,402)	(908,540)
Capital contribution from non-controlling shareholders		3,845,926	20,000
Proceeds from partial disposal of a subsidiary without loss of control		–	1,588,320
Perpetual convertible securities' distributions paid		(247,162)	(265,938)
Net cash flows from financing activities		8,450,718	2,995,883
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,997,681	1,116,299
Cash and cash equivalents at beginning of year		10,997,033	9,825,316
Effect of foreign exchange rate changes, net		50,868	55,418
CASH AND CASH EQUIVALENTS AT END OF YEAR		18,045,582	10,997,033

Consolidated Statement of Cash Flows

Year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**15,777,548**	10,332,506
Non-pledged time deposits with original maturity of within three months when acquired		**2,205,106**	610,561
Non-pledged time deposits with original maturity of over three months when acquired with an option to withdraw upon demand similar to demand deposits		**62,928**	53,966
Cash and cash equivalents as stated in the statement of financial position	27	**18,045,582**	10,997,033

1. CORPORATE AND GROUP INFORMATION

China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited) (the "Company") is a limited liability company incorporated in Hong Kong on 2 June 2004 under the Hong Kong Companies Ordinance. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 17 August 2007.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- city and property development
- commercial leasing and retail operations
- hotel operations
- provision of property management, design and decoration services

In the opinion of the directors, the immediate holding company of the Company is Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company is Sinochem Group, a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Pudong Jinxin Real Estate Development Co., Ltd.*	The PRC/ Mainland China	US$5,600,000	50%#	–	Investment holding
Shanghai International Shipping Service Center Co., Ltd. ("SISSC")*	The PRC/ Mainland China	RMB3,150,000,000	50%#	–	Property development
Sinochem Franshion Property (Beijing) Co., Ltd.***	The PRC/ Mainland China	US$635,000,000	100%	–	Property development
Shanghai Yin Hui Real Estate Development Co., Ltd. ("Shanghai Yin Hui")*	The PRC/ Mainland China	RMB1,355,000,000	50%#	–	Property development
Qingdao Jin Mao Development Co., Ltd. ("Qingdao Jin Mao")**	The PRC/ Mainland China	RMB100,000,000	–	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chongqing Xingtuo Development Co., Ltd.***	The PRC/ Mainland China	US$200,000,000	–	100%	Property development
Chongqing Xinghao Development Co., Ltd.***	The PRC/ Mainland China	US$135,000,000	–	100%	Property development
Chongqing Xingqian Properties Development Co., Ltd.*	The PRC/ Mainland China	RMB2,884,540,000	–	45%@	Property development
Qingdao Xingchuang Development Co., Ltd.**	The PRC/ Mainland China	US$55,000,000	–	100%	Property development
Jinmao Hangzhou Property Development Co., Ltd.*	The PRC/ Mainland China	RMB3,200,000,000	–	50%#	Property development
Foshan Maoxing Development Co., Ltd.**	The PRC/ Mainland China	RMB820,000,000	–	65%	Property development
Ningbo Xingmao Property Development Co., Ltd.***	The PRC/ Mainland China	US$350,000,000	–	57%	Property development
Changsha Franshion Xingye Property Development Co., Ltd.**	The PRC/ Mainland China	US$150,000,000	–	100%	Property development
Changsha Qianjing Property Development Co., Ltd.**	The PRC/ Mainland China	RMB8,000,000	–	100%	Property development
Nanjing Xingtuo Investment Co., Ltd.**	The PRC/ Mainland China	RMB3,000,000,000	–	80%	Land development
Jin Mao (Shanghai) Real Estate Co., Ltd.**	The PRC/ Mainland China	RMB1,010,000,000	–	100%	Property development
Beijing Chemsunny Property Co., Ltd.***	The PRC/ Mainland China	US$102,400,000	50%	50%	Property investment
Sinochem Jin Mao Property Management (Beijing) Co., Ltd.*	The PRC/ Mainland China	RMB5,000,000	85%	15%	Property management

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sinochem International Property and Hotels Management Co., Ltd.***	The PRC/ Mainland China	RMB387,600,000	25%	75%	Property investment
Wangfujing Hotel Management Co., Ltd.***	The PRC/ Mainland China	US$73,345,000	–	66.53%	Hotel operation
China Jin Mao Group Co., Ltd.***	The PRC/ Mainland China	RMB2,635,000,000	–	66.53%	Hotel operation and property investment
Shanghai Jin Mao Construction & Decoration Co., Ltd.**	The PRC/ Mainland China	RMB50,000,000	–	100%	Provision of building decoration services
Jin Mao (Beijing) Real Estate Co., Ltd.**	The PRC/ Mainland China	RMB1,600,000,000	–	66.53%	Hotel operation
Jin Mao Sanya Resort Hotel Co., Ltd.**	The PRC/ Mainland China	RMB300,000,000	–	66.53%	Hotel operation
Beijing Franshion Rongchuang Properties Limited**	The PRC/ Mainland China	RMB100,000,000	–	51%	Property development
Changsha Jin Mao Meixi Lake International Plaza Properties Limited***	The PRC/ Mainland China	US$600,000,000	–	100%	Property development
Changsha Meixi Lake International Research and Development Limited**	The PRC/ Mainland China	RMB10,000,000	–	80%	Property development
Changsha Xing Mao Investment Co., Ltd.**	The PRC/ Mainland China	RMB10,000,000	–	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sanya Yazhouwan Economic Development Co., Ltd. ("Sanya Yazhouwan")**	The PRC/ Mainland China	RMB160,000,000	–	100%	Land development
Jin Mao Sanya Tourism Co., Ltd.**	The PRC/ Mainland China	RMB500,000,000	–	66.53%	Hotel operation
Jin Mao Shenzhen Hotel Investment Co., Ltd.**	The PRC/ Mainland China	RMB700,000,000	–	66.53%	Hotel operation
Jin Mao (Li Jiang) Properties Co., Ltd.**	The PRC/ Mainland China	RMB100,000,000	–	100%	Property development
Jin Mao (Li Jiang) Hotel Investment Co., Ltd**	The PRC/ Mainland China	RMB100,000,000	–	66.53%	Hotel operation
Jin Mao Investment (Changsha) Co., Ltd.**	The PRC/ Mainland China	RMB3,750,000,000	–	80%	Land development
Franshion Development Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Franshion Investment Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Franshion Brilliant Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Changsha Franshion Shengrong Properties Limited ("Franshion Shengrong")**	The PRC/ Mainland China	RMB500,160,000	–	100%	Property development
Changsha Meixi Lake Jin Yue Properties Limited**	The PRC/ Mainland China	RMB150,000,000	–	70%	Property development
Franshion Properties (Suzhou) Limited***	The PRC/ Mainland China	US$395,000,000	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Franshion Properties (Ningbo) Limited***	The PRC/ Mainland China	US$254,000,000	–	100%	Property development
Shanghai Xingwaitan Development and Construction Limited ("Shanghai Xingwaitan")*	The PRC/ Mainland China	RMB6,000,000,000	–	50%[#]	Property development
Beijing Franshion Yicheng Properties Limited**	The PRC/ Mainland China	RMB1,742,800,000	–	100%	Property development
Nanjing International Group Limited**	The PRC/ Mainland China	RMB1,246,237,500	–	49%[@]	Property development, hotel operation and property investment
Jinmao (China) Hotel Investments and Management Limited ("JCHIML")[&]	Cayman Islands/ Hong Kong	HK$2,000,000	66.53%	–	Investment holding
Guangzhou Xingtuo Properties Limited**	The PRC/ Mainland China	RMB2,260,000,000	–	90%	Property development
Changsha Jinmao City Construction Limited**	The PRC/ Mainland China	RMB2,962,500,000	–	100%	Land development
Franshion Properties (Hangzhou) Limited**	The PRC/ Mainland China	RMB1,882,350,000	–	85%	Property development
Tianjin Jinhui Properties Development Limited**	The PRC/ Mainland China	RMB50,000,000	–	100%	Property development
Qingdao Maochuang Properties Development Limited**	The PRC/ Mainland China	US$12,000,000	–	100%	Property development
Ningbo Yingmao Real Estate Exploitation Co., Ltd.**	The PRC/ Mainland China	US$45,000,000	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Qingdao Fangsheng Investment Management Limited**	The PRC/ Mainland China	RMB20,000,000	–	100%	Property development
Nanjing Yuemao Real Estate Development Co., Ltd.**	The PRC/ Mainland China	RMB1,360,000,000	–	50%#	Property development

* Registered as Sino-foreign joint ventures under PRC law

** Registered as limited liability companies under PRC law

*** Registered as wholly-foreign-owned entities under PRC law

& Ordinary shares of JCHIML are stapled to units of a trust namely Jinmao Hotel, which are listed on the Main Board of the Stock Exchange of Hong Kong Limited. JCHIML and its subsidiaries are collectively referred to as the JCHIML Group.

The Group controls the board of directors of this entity by virtue of its power to cast the majority of votes at meetings of the board, and therefore has the power to exercise control over the entity's operating and financing activities.

@ This entity is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.

The English names of certain of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain other financial assets which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group 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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), amendments to HKFRS 11, HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the *Annual Improvements 2012-2014 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the amendments are described below:

(a) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Group's financial statements.

(b) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively. The amendments have had no impact on the financial position or performance of the Group as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) *Annual Improvements to HKFRSs 2012-2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:

- HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*: Clarifies that changes to a plan of sale or a plan of distribution to owners should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. Accordingly, there is no change in the application of the requirements in HKFRS 5. The amendments also clarify that changing the disposal method does not change the date of classification of the non-current assets or disposal group held for sale. The amendments are applied prospectively. The amendments have had no impact on the Group as the Group did not have any disposal group held for sale during the year.

Change in presentation currency

The Group's revenues, profits and cash flows are primarily generated in RMB, and are expected to remain principally denominated in RMB in the future. As at 31 December 2016, the Group changed the currency in which it presents its consolidated financial statements from Hong Kong dollar ("HK$") to RMB, in order to better reflect the underlying performance and position of the Group. The comparative figures in these consolidated financial statements have been restated from HK$ to RMB accordingly.

The change of the Group's presentation currency has been accounted for in accordance with HKAS 21 *The Effects of Changes in Foreign Exchange Rates* and has been applied retrospectively in accordance with HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The following methodology has been used to re-present the comparative figures as at 1 January 2015 and 31 December 2015 and for the year ended 31 December 2015, originally reported in HK$, in RMB:

(a) Income and expenditure have been translated at the average rates of exchange prevailing for the relevant period;

(b) Assets and liabilities have been translated at the closing rates of exchange at the end of the relevant period;

(c) Share capital and other reserves were translated at applicable historical rates; and

(d) All resulting exchange differences have been recognised in other comprehensive income.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Change in presentation currency (Continued)

The relevant exchange rates used are as follows:

Year ended 31 December 2014	RMB1=HK$
Average rate	1.2628
Closing rate	1.2676
Year ended 31 December 2015	RMB1=HK$
Average rate	1.2442
Closing rate	1.1936

The change in presentation currency mainly impacted the carrying amount of exchange fluctuation reserve, changing it from HK$4,308,034,000 (credit balance) and HK$241,796,000 (credit balance) to RMB410,883,000 (credit balance) and RMB854,720,000 (debit balance) as at 31 December 2014 and 2015, respectively.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 12 Disclosure of Interests in Other Entities[1] Amendments to HFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards[2] Amendments to HKAS 28 Investments in Associates and Joint Ventures[2]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. The Group expects to adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for application now.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 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. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The Group expects to adopt the amendments from 1 January 2017.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF 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 arrangement.

The Group 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 assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and certain financial assets at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, land under development, properties held for sale, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7% – 9.5%
Leasehold improvements	18% – 20%
Buildings	2% – 5%
Furniture, fixtures and office equipment	3.8% – 33.3%
Motor vehicles	8.3% – 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation with surplus credited to the asset revaluation reserve and deficit charged to the statement of profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Land under development

Land under development is stated at the lower of cost and net realisable value and comprises the compensation for land requisition, project costs, other preliminary infrastructure costs, borrowing costs, professional fees and other costs directly attributable to such land under development during the development period.

Land under development which has been pre-sold or intended for sale and is expected to be completed within one year from the end of the reporting period is classified under current assets. Net realisable value takes into account the Group's proceeds derived from the sale of land under development by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land under development based on prevailing market conditions.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses and losses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses and losses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses and losses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Available-for-sale financial investments (Continued)

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to related parties and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the purchasers, that is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectability of related receivables is reasonably assured;

(b) from land development, when the risks and rewards in connection with the land development are transferred, that is when the related construction works have been completed as well as land is sold, and the collectability of the proceeds from land sales is reasonably assured;

(c) hotel and other service income, in the period in which such services are rendered;

(d) rental income, on a time proportion basis over lease terms, except for contingent rental income which is recognised when it arises, where premiums received to terminate leases are recognised in the statement of profit or loss when they arise;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(e) from the rendering of property management services, in the period in which such services are rendered;

(f) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for “Contracts for services” below;

(g) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(h) dividend income, when the shareholders’ right to receive payment has been established.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 37 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a weighted average capitalisation rate of 4.61% has been applied to the expenditure on the group level.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

These financial statements are presented in RMB, while the Company's functional currency is HK$. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the Company and subsidiaries operating outside Mainland China are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and subsidiaries operating outside Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of trade and other receivables

The provision policy for impairment of trade and other receivables of the Group is based on the ongoing evaluation of the collectability, aged analysis of the outstanding receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2016 was RMB22,029,331,000 (2015: RMB21,083,287,000). Further details, including the key assumptions used for the fair value measurement, are given in note 17 to the financial statements.

Measurement of properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. An apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a particular phase are recorded as the cost of such phase. Common costs are allocated to individual phases based on the estimated saleable area of the entire development project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years. The carrying amount of properties under development at 31 December 2016 was RMB42,920,645,000 (2015: RMB38,222,250,000). Further details are given in note 14 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Measurement of land under development

The Group's land under development is stated at the lower of cost and net realisable value. Costs of land under development during the construction stage, before the final settlement of the development costs and other costs relating to the land under development are accrued by the Group based on management's best estimate. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years. Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land under development, and its net realisable value, i.e., the revenue to be derived from the land under development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of land under development at 31 December 2016 was RMB17,226,210,000 (2015: RMB15,400,719,000). Further details are given in note 15 to the financial statements.

Estimation of net realisable value for properties held for sale and inventories

Properties held for sale and inventories are stated at the lower of cost and net realisable value. The net realisable value is assessed with reference to market conditions and prices existing at the end of the reporting period and is determined by the Group having taken suitable external advice and in light of recent market transactions. The carrying amounts of properties held for sale and inventories at 31 December 2016 were RMB11,153,261,000 (2015: RMB6,316,921,000) and RMB100,930,000 (2015: RMB74,393,000), respectively.

Impairment of non-financial asset (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating until exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2016 was RMB223,246,000 (2015: RMB220,834,000). The amount of unrecognised tax losses at 31 December 2016 was RMB1,102,386,000 (2015: RMB817,108,000). Further details are contained in note 33 to the financial statements.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable at 31 December 2016 was RMB2,216,868,000 (2015: RMB1,514,677,000).

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for its property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained. The carrying amount of provision for LAT at 31 December 2016 was RMB3,244,106,000 (2015: RMB1,896,220,000). Further details are given in note 32 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the products and services they provide and has four reportable operating segments as follows:

(a) the city and property development segment develops city complexes and properties and develops land;

(b) the commercial leasing and retail operations segment leases office and retail commercial premises;

(c) the hotel operations segment provides hotel accommodation services, food and beverage; and

(d) the "others" segment mainly comprises the provision of property management, design and decoration services, and the operation of an observation deck.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, other investment income and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid tax, restricted bank balances, cash and cash equivalents, certain other financial assets and other unallocated head office and corporate assets.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, provision for land appreciation tax, deferred tax liabilities and other unallocated head office and corporate liabilities.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2016	City and property development RMB'000	Commercial leasing and retail operations RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	23,593,045	1,274,490	1,890,033	546,505	27,304,073
Intersegment sales	217,077	21,471	–	423,980	662,528
	23,810,122	1,295,961	1,890,033	970,485	27,966,601
Reconciliation:					
Elimination of intersegment sales					(662,528)
Total revenue					27,304,073
Segment results	7,300,392	1,472,806	153,609	(42,812)	8,883,995
Reconciliation:					
Elimination of intersegment results					(34,973)
Interest income					357,202
Other investment income					104,256
Corporate and other unallocated expenses					(291,020)
Finance costs					(728,662)
Profit before tax					8,290,798
Segment assets	132,390,013	25,928,227	12,868,202	860,414	172,046,856
Reconciliation:					
Elimination of intersegment assets					(71,107,219)
Corporate and other unallocated assets					65,964,479
Total assets					166,904,116
Segment liabilities	71,728,545	5,254,098	7,883,148	850,861	85,716,652
Reconciliation:					
Elimination of intersegment liabilities					(65,616,112)
Corporate and other unallocated liabilities					91,059,496
Total liabilities					111,160,036
Other segment information:					
Share of (losses)/profits of joint ventures	(47,431)	–	–	3,683	(43,748)
Share of losses of associates	(28,459)	–	–	–	(28,459)
Depreciation and amortisation	13,790	30,428	288,805	12,695	345,718
Recognition of prepaid land lease payments	–	–	49,995	89	50,084
Loss on disposal of items of property, plant and equipment	522	173	581	2	1,278
Impairment losses reversed in the statement of profit or loss	–	(896)	(41)	–	(937)
Fair value gains on investment properties	–	728,599	–	–	728,599
Fair value gains on transfer from properties held for sale to investment properties	–	53,890	–	–	53,890
Investments in associates	2,708,699	–	–	–	2,708,699
Investments in joint ventures	2,630,927	–	–	36,377	2,667,304
Capital expenditure*	115,878	23,201	196,197	13,740	349,016

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2015	City and property development RMB'000 (Restated)	Commercial leasing and retail operations RMB'000 (Restated)	Hotel operations RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue:					
Sales to external customers	14,384,040	1,198,470	1,814,387	373,806	17,770,703
Intersegment sales	–	39,591	–	505,677	545,268
	14,384,040	1,238,061	1,814,387	879,483	18,315,971
Reconciliation:					
Elimination of intersegment sales					(545,268)
Total revenue					17,770,703
Segment results	4,465,011	1,799,187	234,201	21,319	6,519,718
Reconciliation:					
Elimination of intersegment results					(138,098)
Interest income					420,722
Other investment income					125,125
Corporate and other unallocated expenses					(62,795)
Finance costs					(456,415)
Profit before tax					6,408,257
Segment assets	93,043,356	21,571,278	13,864,803	783,330	129,262,767
Reconciliation:					
Elimination of intersegment assets					(32,210,420)
Corporate and other unallocated assets					36,074,052
Total assets					133,126,399
Segment liabilities	41,698,814	2,055,396	6,919,831	684,856	51,358,897
Reconciliation:					
Elimination of intersegment liabilities					(32,850,222)
Corporate and other unallocated liabilities					65,269,014
Total liabilities					83,777,689
Other segment information:					
Share of (losses)/profits of joint ventures	(16,263)	–	–	3,264	(12,999)
Share of losses of associates	(72,066)	–	–	–	(72,066)
Depreciation and amortisation	13,417	14,626	261,353	19,645	309,041
Recognition of prepaid land lease payments	–	–	52,672	89	52,761
Loss on disposal of items of property, plant and equipment	6	1,357	2,313	30	3,706
Impairment losses (reversed)/recognised in the statement of profit or loss	(7)	(2,856)	65	655	(2,143)
Fair value gains on investment properties	–	995,263	–	–	995,263
Fair value gains on transfer from properties held for sale to investment properties	–	279,258	–	–	279,258
Investments in associates	1,453,662	–	–	–	1,453,662
Investments in joint ventures	934,193	–	–	38,845	973,038
Capital expenditure*	194,527	382,709	442,119	4,261	1,023,616

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

4. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

During the year, revenue of RMB5,036,808,000 was derived from sales by the city and property development segment to a single customer (2015: RMB2,014,668,000).

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the gross proceeds from the sale of properties and land development, net of business tax; gross rental income from investment properties, net of business tax; income from hotel operations, property management and related services rendered, net of business tax; and an appropriate proportion of contract revenue of service contracts during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	Notes	**2016 RMB'000**	2015 RMB'000 (Restated)
Revenue			
Sale of properties		**21,456,061**	13,113,596
Land development		**2,136,984**	1,270,444
Gross rental income		**1,274,490**	1,198,470
Hotel operations		**1,890,033**	1,814,387
Others		**546,505**	373,806
		27,304,073	17,770,703
Other income			
Interest income		**357,202**	420,722
Other investment income		**104,256**	125,125
Government grants*		**106,365**	134,369
Default penalty income		**33,715**	149,649
		601,538	829,865
Gains			
Fair value gains on investment properties	17	**728,599**	995,263
Fair value gains on transfers from properties held for sale to investment properties		**53,890**	279,258
Gain on disposal of subsidiaries	40	**365**	–
Foreign exchange differences, net		**–**	45,937
Others		**108,634**	39,761
		891,488	1,360,219
		1,493,026	2,190,084

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Cost of properties sold		**14,724,231**	8,910,601
Cost of land development		**765,516**	577,162
Cost of services provided		**1,609,570**	1,411,723
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**174,260**	124,793
Depreciation	13	**334,049**	299,966
Amortisation of intangible assets	19	**11,669**	9,075
Minimum lease payments under operating leases		**38,766**	27,029
Recognition of prepaid land lease payments	18	**50,084**	52,761
Auditor's remuneration		**4,929**	3,986
Employee benefit expense (including directors' and chief executive's remuneration(note (8)):			
Wages and salaries		**1,054,130**	891,637
Equity-settled share option expense	37	**9,142**	7,989
Pension scheme contributions (defined contribution schemes)		**114,088**	120,144
Less: Amount capitalised		**(18,080)**	(21,100)
Net pension scheme contributions*		**96,008**	99,044
		1,159,280	998,670
Foreign exchange differences, net		**66,397**	(45,937)
Loss on disposal of items of property, plant and equipment**		**1,278**	3,706
Reversal of impairment of trade receivables**	23	**(937)**	(2,169)
Impairment of other receivables**		**–**	26
Provision for penalty claim**		**97,365**	86,769

* At 31 December 2016, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2015: Nil).

** These items are included in "Other expenses and losses, net" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Interest on bank and other loans, notes and bonds	**2,307,226**	2,178,717
Interest on an amount due to a fellow subsidiary (note 44(a))	**19,937**	30,514
Interest on an amount due to the immediate holding company (note 44(a))	**85,255**	5,662
Interest on an amount due to an associate (note 44(a))	**9,201**	1,167
Total interest expense	**2,421,619**	2,216,060
Less: Interest capitalised	**(1,692,957)**	(1,759,645)
	728,662	456,415

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group 2016 RMB'000	 2015 RMB'000 (Restated)
Fees	**924**	867
Other emoluments:		
Salaries, allowances and benefits in kind	**3,706**	6,133
Performance related bonuses*	**4,586**	6,302
Equity-settled share option expense	**642**	1,004
Pension scheme contributions	**575**	584
	9,509	14,023
	10,433	14,890

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the Group's operations.

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 37 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Mr. Lau Hon Chuen, Ambrose	308	289
Mr. Su Xijia	308	289
Mr. Liu Hongyu[(i)]	–	265
Mr. Gao Shibin[(ii)]	308	24
	924	867

i Mr. Liu Hongyu resigned as an independent non-executive director of the Company with effect from 16 November 2015.

ii Mr. Gao Shibin was appointed as an independent non-executive director of the Company on 30 November 2015.

There were no other emoluments payable to the independent non-executive directors during the year (2015: Nil).

(b) Executive directors, non-executive directors and the chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2016						
Executive directors:						
Mr. Li Congrui[(i)]	–	1,911	2,441	321	305	4,978
Mr. Jiang Nan[(ii)]	–	1,795	2,145	321	270	4,531
	–	3,706	4,586	642	575	9,509
Non-executive directors:						
Mr. Ning Gaoning[(iii)]	–	–	–	–	–	–
Mr. Yang Lin	–	–	–	–	–	–
Mr. Cui Yan[(iv)]	–	–	–	–	–	–
Mr. An Hongjun[(v)]	–	–	–	–	–	–
Mr. Cai Xiyou[(vi)]	–	–	–	–	–	–
	–	3,706	4,586	642	575	9,509

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

	Fees RMB'000 (Restated)	Salaries, allowances and benefits in kind RMB'000 (Restated)	Performance related bonuses RMB'000 (Restated)	Equity-settled share option expense RMB'000 (Restated)	Pension scheme contributions RMB'000 (Restated)	Total remuneration RMB'000 (Restated)
2015						
Executive directors:						
Mr. He Cao[(vi)]	–	1,758	2,392	395	231	4,776
Mr. Li Congrui[(i)]	–	1,923	2,089	382	269	4,663
Mr. He Binwu[(ii)]	–	1,848	1,197	92	–	3,137
Mr. Jiang Nan[(ii)]	–	604	624	135	84	1,447
	–	6,133	6,302	1,004	584	14,023
Non-executive directors:						
Mr. Cai Xiyou[(vi)]	–	–	–	–	–	–
Mr. Yang Lin	–	–	–	–	–	–
Ms. Shi Dai[(iv)]	–	–	–	–	–	–
Mr. Cui Yan[(iv)]	–	–	–	–	–	–
Mr. An Hongjun[(v)]	–	–	–	–	–	–
	–	–	–	–	–	–
	–	6,133	6,302	1,004	584	14,023

i Mr. Li Congrui is the chief executive officer of the Company.

ii Mr. Jiang Nan was appointed as an executive director of the Company with effect from 25 August 2015. Mr. He Binwu resigned as an executive director of the Company with effect from 25 August 2015.

iii Mr. Ning Gaoning was appointed as the chairman and non-executive director with effect from 12 May 2016.

iv Mr. Cui Yan was appointed as a non-executive director of the Company with effect from 10 June 2015. Ms. Shi Dai resigned as a non-executive director of the Company with effect from 10 June 2015.

v Mr. An Hongjun was appointed as a non-executive director of the Company with effect from 11 November 2015.

vi Mr. Cai Xiyou was appointed as the chairman and a non-executive director of the Company with effect from 9 October 2015 and resigned as the chairman and a non-executive director of the Company with effect from 15 March 2016. Mr. He Cao retired as the chairman and an executive director of the Company with effect from 9 October 2015.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2015: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors including the chief executive (2015: three directors including the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2015: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Salaries, allowances and benefits in kind	**4,229**	2,511
Performance related bonuses	**5,317**	3,004
Equity-settled share option expense	**159**	442
Pension scheme contributions	**751**	589
	10,456	6,546

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2016	2015
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**–**	–
HK$3,500,001 to HK$4,000,000	**1**	1
HK$4,000,001 to HK$4,500,000	**1**	1
HK$4,500,001 to HK$5,000,000	**1**	–
	3	2

During the year and in prior years, share options were granted to three non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 37 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

	Notes	**2016 RMB'000**	2015 RMB'000 (Restated)
Current			
PRC corporate income tax			
Charge for the year		**2,143,554**	1,232,623
Underprovision/(overprovision) in prior years		**33**	(6,128)
PRC land appreciation tax	32	**1,645,489**	711,701
		3,789,076	1,938,196
Deferred	33	**(71,960)**	368,976
Total tax charge for the year		**3,717,116**	2,307,172

10. INCOME TAX (Continued)

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2015: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2015: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2016

	Hong Kong RMB'000	%	Mainland China RMB'000	%	Total RMB'000	%
Profit/(loss) before tax	(1,089,653)		9,380,451		8,290,798	
Tax at the statutory income tax rate	(179,793)	16.5	2,345,113	25.0	2,165,320	26.1
Adjustment in respect of current tax of previous periods	–	–	33	–	33	–
Profits and losses attributable to joint ventures and associates	–	–	18,052	0.2	18,052	0.2
Income not subject to tax	(3,682)	0.3	(23,197)	(0.3)	(26,879)	(0.3)
Expenses not deductible for tax	183,475	(16.8)	25,746	0.3	209,221	2.6
Tax losses utilised from previous periods	–	–	(391)	–	(391)	–
Tax losses not recognised	–	–	117,643	1.3	117,643	1.4
LAT (note 32)	–	–	1,645,489	17.5	1,645,489	19.8
Tax effect of LAT	–	–	(411,372)	(4.4)	(411,372)	(5.0)
Tax charge at the Group's effective rate	–	–	3,717,116	39.6	3,717,116	44.8

10. INCOME TAX (Continued)

2015

	Hong Kong RMB'000 (Restated)	%	Mainland China RMB'000 (Restated)	%	Total RMB'000 (Restated)	%
Profit/(loss) before tax	(356,192)		6,764,449		6,408,257	
Tax at the statutory income tax rate	(58,772)	16.5	1,691,112	25.0	1,632,340	25.5
Adjustment in respect of current tax of previous periods	–	–	(6,128)	(0.1)	(6,128)	(0.1)
Profits and losses attributable to joint ventures and associates	–	–	21,266	0.3	21,266	0.3
Income not subject to tax	(60,071)	16.9	(11,635)	(0.2)	(71,706)	(1.1)
Expenses not deductible for tax	118,843	(33.4)	34,759	0.5	153,602	2.4
Tax losses utilised from previous periods	–	–	(17,580)	(0.3)	(17,580)	(0.3)
Tax losses not recognised	–	–	41,169	0.6	41,169	0.6
Write-down of deferred tax assets previously recognised	–	–	20,434	0.3	20,434	0.3
LAT (note 32)	–	–	711,701	10.6	711,701	11.2
Tax effect of LAT	–	–	(177,926)	(2.6)	(177,926)	(2.8)
Tax charge at the Group's effective rate	–	–	2,307,172	34.1	2,307,172	36.0

The share of tax credit attributable to joint ventures and associates amounting to RMB14,868,000 (2015: share of tax charge of RMB1,799,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

11. DIVIDENDS

	2016 RMB'000	2015 RMB'000 (Restated)
Proposed final – HK9.0 cents (2015: HK8.0 cents) per ordinary share	**851,258**	715,353

The actual amount of the 2015 final dividend paid during the year ended 31 December 2016 was RMB721,841,000.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 10,671,810,609 (2015: 9,938,244,662) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of the Group's perpetual convertible securities into ordinary shares. As the impact of the Company's share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented, they were not accounted for in the calculation of the diluted earnings per share amount.

The calculations of basic and diluted earnings per share are based on:

	2016 **RMB'000**	2015 RMB'000 (Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**2,535,515**	3,045,520

	Number of shares **2016**	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**10,671,810,609**	9,938,244,662
Effect of dilution – weighted average number of ordinary shares:		
Perpetual convertible securities	**1,386,955,944**	1,698,788,321
	12,058,766,553	11,637,032,983

13. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2016							
At 31 December 2015 and at 1 January 2016:							
Cost	8,034,015	20,302	457,678	1,638,191	71,566	4,081,183	14,302,935
Accumulated depreciation and impairment	(1,057,313)	(20,197)	(69,705)	(873,454)	(44,004)	–	(2,064,673)
Net carrying amount	6,976,702	105	387,973	764,737	27,562	4,081,183	12,238,262
At 1 January 2016, net of accumulated depreciation and impairment	6,976,702	105	387,973	764,737	27,562	4,081,183	12,238,262
Additions	35,715	–	751	32,715	3,950	244,303	317,434
Disposals	(6)	(39)	(170)	(1,269)	(1,224)	–	(2,708)
Depreciation provided during the year	(201,351)	(47)	(15,790)	(109,911)	(6,950)	–	(334,049)
Disposal of subsidiaries (note 40)	–	–	–	(153)	–	–	(153)
Transfer from investment properties (note 17)	–	–	19,179	–	–	–	19,179
Transfer from properties under development (note 14)	–	–	31,100	–	–	468,664	499,764
Transfer to properties under development (note 14)	–	–	–	–	–	(1,925,880)	(1,925,880)
Transfers	66,305	–	–	14,141	–	(80,446)	–
Exchange realignment	–	–	–	7	–	–	7
At 31 December 2016, net of accumulated depreciation and impairment	6,877,365	19	423,043	700,267	23,338	2,787,824	10,811,856
At 31 December 2016:							
Cost	8,136,006	19,569	508,284	1,676,883	67,896	2,787,824	13,196,462
Accumulated depreciation and impairment	(1,258,641)	(19,550)	(85,241)	(976,616)	(44,558)	–	(2,384,606)
Net carrying amount	6,877,365	19	423,043	700,267	23,338	2,787,824	10,811,856

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel properties RMB'000 (Restated)	Leasehold improvements RMB'000 (Restated)	Buildings RMB'000 (Restated)	Furniture, fixtures and office equipment RMB'000 (Restated)	Motor vehicles RMB'000 (Restated)	Construction in progress RMB'000 (Restated)	Total RMB'000 (Restated)
31 December 2015							
At 1 January 2015:							
Cost	7,475,034	20,302	498,968	1,608,982	66,598	1,914,585	11,584,469
Accumulated depreciation and impairment	(895,206)	(19,815)	(60,919)	(770,011)	(37,854)	–	(1,783,805)
Net carrying amount	6,579,828	487	438,049	838,971	28,744	1,914,585	9,800,664
At 1 January 2015, net of accumulated depreciation and impairment	6,579,828	487	438,049	838,971	28,744	1,914,585	9,800,664
Additions	6,798	–	1,769	26,620	7,197	943,307	985,691
Disposals	(1,781)	–	(21,900)	(1,426)	(431)	–	(25,538)
Depreciation provided during the year	(162,699)	(382)	(18,011)	(110,926)	(7,948)	–	(299,966)
Gain on properties revaluation in relation to the transfer to investment properties	–	–	16,552	–	–	–	16,552
Transfer to investment properties (note 17)	–	–	(28,486)	–	–	(340,130)	(368,616)
Transfer from properties under development (note 14)	–	–	–	–	–	2,129,469	2,129,469
Transfers	554,556	–	–	11,492	–	(566,048)	–
Exchange realignment	–	–	–	6	–	–	6
At 31 December 2015, net of accumulated depreciation and impairment	6,976,702	105	387,973	764,737	27,562	4,081,183	12,238,262
At 31 December 2015:							
Cost	8,034,015	20,302	457,678	1,638,191	71,566	4,081,183	14,302,935
Accumulated depreciation and impairment	(1,057,313)	(20,197)	(69,705)	(873,454)	(44,004)	–	(2,064,673)
Net carrying amount	6,976,702	105	387,973	764,737	27,562	4,081,183	12,238,262

At 31 December 2016, certain of the Group's hotel properties and buildings and construction in progress included in property, plant and equipment with an aggregate net carrying amount of approximately RMB328,857,000 (2015: RMB2,667,273,000), were pledged to secure bank loans granted to the Group (note 31).

14. PROPERTIES UNDER DEVELOPMENT

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Carrying amount at 1 January		**38,222,250**	36,351,025
Additions		**22,115,318**	14,089,881
Transfer from property, plant and equipment	13	**1,925,880**	–
Transfer to property, plant and equipment	13	**(499,764)**	(2,129,469)
Transfer to properties held for sale		**(19,589,680)**	(9,186,918)
Transfer from/(to) prepaid land lease payments	18	**770,157**	(902,269)
Disposal of subsidiaries	40	**(23,516)**	–
Carrying amount at 31 December		**42,920,645**	38,222,250
Current portion		**(15,990,224)**	(19,421,232)
Non-current portion		**26,930,421**	18,801,018

At 31 December 2016, certain of the Group's properties included in properties under development with a net carrying amount of approximately RMB8,496,473,000 (2015: RMB14,805,420,000) were pledged to secure bank loans granted to the Group (note 31).

15. LAND UNDER DEVELOPMENT

Land under development represents the project cost, land requisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's land development projects in Changsha Meixi Lake and Nanjing Shangfang (the "Projects") which are situated in Mainland China. Though the Group does not have the ownership title or land use right to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities as well as other development works in the Projects. When the land plots are sold by the local government, the Group is entitled to receive from the local authorities the land development fee.

	2016 RMB'000	2015 RMB'000 (Restated)
Carrying amount at 1 January	**15,400,719**	10,224,132
Additions	**2,586,557**	5,753,749
Recognised during the year	**(761,066)**	(577,162)
Carrying amount at 31 December	**17,226,210**	15,400,719
Current portion	**(5,521,179)**	(4,664,787)
Non-current portion	**11,705,031**	10,735,932

16. PROPERTIES HELD FOR SALE

All the properties held for sale are stated at the lower of cost and net realisable value. The Group's properties held for sale are situated in Mainland China.

At 31 December 2016, certain of the Group's properties included in properties held for sale with a net carrying amount of approximately RMB175,857,000 (2015: RMB186,044,000) were pledged to secure bank loans granted to the Group (note 31).

17. INVESTMENT PROPERTIES

	Notes	**2016 RMB'000**	2015 RMB'000 (Restated)
Carrying amount at 1 January		**21,083,287**	19,214,365
Additions		**19,547**	23,863
Net gain from a fair value adjustment	5	**728,599**	995,263
Transfer from properties held for sale		**217,077**	481,180
Transfer (to)/from owner-occupied properties	13	**(19,179)**	368,616
Carrying amount at 31 December		**22,029,331**	21,083,287

The Group's investment properties consist of nine commercial properties in Mainland China. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued individually on 31 December 2016 based on valuations performed by DTZ Debenham Tie Leung Limited, Shanghai Cairui Real Estate Land Appraisal Co., Ltd., Beijing Renda Real Estate Appraisal Co., Ltd., and Beijing Zhuoxindahua Appraisal Co., Ltd., independent professionally qualified valuers, at RMB22,029,331,000 (2015: RMB21,083,287,000). Each year, the Group's management decides to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the values on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

These investment properties are leased under operating leases, further summary details of which are included in note 42(a) to the financial statements.

At 31 December 2016, certain of the Group's investment properties with a carrying value of RMB12,493,860,000 (2015: RMB11,891,788,000), were pledged to secure bank loans granted to the Group (note 31).

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2016 using		
	Significant observable inputs (Level 2) RMB'000	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Recurring fair value measurement for:			
Commercial properties	**38,000**	**21,991,331**	**22,029,331**

	Fair value measurement as at 31 December 2015 using		
	Significant observable inputs (Level 2) RMB'000 (Restated)	Significant unobservable inputs (Level 3) RMB'000 (Restated)	Total RMB'000 (Restated)
Recurring fair value measurement for:			
Commercial properties	38,513	21,044,774	21,083,287

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2015: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000 (Restated)
Carrying amount at 1 January 2015	19,169,765
Additions	23,863
Net gain from a fair value adjustment	1,001,350
Transfer from properties held for sale	481,180
Transfer from owner-occupied properties	368,616
Carrying amount at 31 December 2015 and 1 January 2016	21,044,774
Additions	19,547
Net gain from a fair value adjustment	729,112
Transfer from properties held for sale	217,077
Transfer to owner-occupied properties	(19,179)
Carrying amount at 31 December 2016	21,991,331

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2016	2015 (Restated)
Property 1(a)-Beijing Chemsunny World Trade Centre-Office	Term and reversion method	Term yield	**6.00%**	6.00%
		Reversionary yield	**6.50%**	6.50%
		Market rent (per square metre ("sqm") per annum ("p.a."))	**RMB5,232**	RMB4,908
Property 1(b)-Beijing Chemsunny World Trade Centre-Retail	Term and reversion method	Term yield	**6.00%**	6.00%
		Reversionary yield	**6.50%**	6.50%
		Market rent (per sqm p.a.)	**RMB9,386**	RMB8,748
Property 2(a)-Sinochem Tower-Office	Term and reversion method	Term yield	**6.00%**	6.00%
		Reversionary yield	**6.50%**	6.50%
		Market rent (per sqm p.a.)	**RMB3,000**	RMB2,856
Property 2(b)-Sinochem Tower-Retail	Term and reversion method	Term yield	**6.00%**	6.00%
		Reversionary yield	**6.50%**	6.50%
		Market rent (per sqm p.a.)	**RMB3,036**	RMB2,784
Property 2(c)-Sinochem Tower-Car parks	Term and reversion method	Term yield	**3.00%**	3.00%
		Reversionary yield	**3.50%**	3.50%
		Market rent (per sqm p.a.)	**RMB9,600**	RMB9,600
Property 3(a)-Jinmao Tower-Office	Term and reversion method	Term yield	**4.50%**	4.50%
		Reversionary yield	**5.00%**	5.00%
		Market rent (per sqm p.a.)	**RMB3,960**	RMB3,732
Property 3(b)-Jinmao Tower-Retail	Term and reversion method	Term yield	**4.50%**	4.50%
		Reversionary yield	**5.00%**	5.00%
		Market rent (per sqm p.a.)	**RMB9,960**	RMB9,600
Property 3(c)-Jinmao Tower-Car parks	Term and reversion method	Term yield	**3.50%**	3.50%
		Reversionary yield	**4.00%**	4.00%
		Market rent (per unit p.a.)	**RMB11,700**	RMB11,700
Property 4(a)-Zhuhai Every Garden-Club house	Term and reversion method	Term yield	**6.25%**	6.25%
		Reversionary yield	**6.50%**	6.50%
		Market rent (per sqm p.a.)	**RMB537**	RMB516

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2016	2015 (Restated)
Property 4(b)-Zhuhai Huayuan Building -2nd Floor	Term and reversion method	Term yield	**5.50%**	5.50%
		Reversionary yield	**6.00%**	6.00%
		Market rent (per sqm p.a.)	**RMB744**	RMB684
Property 5(a)-Nanjing Xuanwu Lake Jin Mao Plaza-Retail	Term and reversion method	Term yield	**5.50%**	5.50%
		Reversionary yield	**6.00%**	6.00%
		Market rent (per sqm p.a.)	**RMB4,863**	RMB4,880
Property 5(b)-Nanjing Xuanwu Lake Jin Mao Plaza-Office	Term and reversion method	Term yield	**5.00%**	5.00%
		Reversionary yield	**5.50%**	5.50%
		Market rent (per sqm p.a.)	**RMB1,980**	RMB1,980
Property 5(c)-Nanjing Xuanwu Lake Jin Mao Plaza-Car parks	Term and reversion method	Term yield	**3.50%**	5.50%
		Reversionary yield	**4.00%**	6.00%
		Market rent (per sqm p.a.)	**RMB7,314**	RMB7,200
Property 6-Changsha Meixi Lake International R&D Centre	Discounted cash flow method	Estimated rental value (per sqm p.a)	**RMB1,007**	RMB949
		Rental growth p.a.	**0.00%-3.00% (3.00%)**	0.00%-3.00% (3.00%)
		Long term vacancy rate	**4.11%**	4.11%
		Discount rate	**6.00%**	6.00%
Property 7-Lijiang J•LIFE	Term and reversion method	Term yield	**6.00%**	6.00%
		Reversionary yield	**6.50%**	6.50%
		Market rent (per sqm p.a.)	**RMB1,106**	RMB1,980
Property 8-Shanghai International Shipping Service Center-Commercial	Market comparable method	Price per sqm	**RMB65,300**	RMB65,000
Property 9-Chongqing Longyue Commercial Building-Commercial	Discounted cash flow method	Estimated rental value (per sqm p.a)	**RMB966**	N/A
		Rental growth p.a.	**3.00%**	N/A
		Long term vacancy rate	**5.00%**	N/A
		Discount rate	**8.00%**	N/A

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent would result in a significant increase (decrease) in the fair value of the investment properties.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square meter of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, eg, crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis."

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Group is the price per square metre. The market comparable approach is often used in combination with either the discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

A significant increase (decrease) in the price per square metre would result in a significant increase (decrease) in the fair value of the investment properties.

18. PREPAID LAND LEASE PAYMENTS

	Notes	**2016 RMB'000**	2015 RMB'000 (Restated)
Carrying amount at 1 January		**2,424,026**	1,570,769
Additions		**1,746**	3,749
Transfer (to)/from properties under development	14	**(770,157)**	902,269
Recognised during the year	6	**(50,084)**	(52,761)
Carrying amount at 31 December		**1,605,531**	2,424,026
Current portion included in prepayments, deposits and other receivables	24	**(52,965)**	(49,319)
Non-current portion		**1,552,566**	2,374,707

At 31 December 2016, certain of the Group's prepaid land lease payments with a net carrying amount of RMB166,392,000 (2015: RMB948,922,000) were pledged to secure bank loans granted to the Group (note 31).

19. INTANGIBLE ASSETS

	Computer software RMB'000	Others RMB'000	Total RMB'000
31 December 2016			
At 1 January 2016:			
Cost	**84,171**	**5,735**	**89,906**
Accumulated amortisation and impairment	**(53,410)**	**(1,938)**	**(55,348)**
Net carrying amount	**30,761**	**3,797**	**34,558**
Cost at 1 January 2016, net of accumulated amortisation and impairment	**30,761**	**3,797**	**34,558**
Additions	**9,011**	**1,278**	**10,289**
Disposals	**–**	**(3,884)**	**(3,884)**
Amortisation provided during the year	**(10,686)**	**(983)**	**(11,669)**
At 31 December 2016	**29,086**	**208**	**29,294**
At 31 December 2016:			
Cost	**93,182**	**1,278**	**94,460**
Accumulated amortisation and impairment	**(64,096)**	**(1,070)**	**(65,166)**
Net carrying amount	**29,086**	**208**	**29,294**

	Computer software RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
31 December 2015			
At 1 January 2015:			
Cost	73,858	5,626	79,484
Accumulated amortisation and impairment	(44,738)	(1,535)	(46,273)
Net carrying amount	29,120	4,091	33,211
Cost at 1 January 2015, net of accumulated amortisation and impairment	29,120	4,091	33,211
Additions	10,313	–	10,313
Amortisation provided during the year	(8,672)	(403)	(9,075)
Exchange realignment	–	109	109
At 31 December 2015	30,761	3,797	34,558
At 31 December 2015:			
Cost	84,171	5,735	89,906
Accumulated amortisation and impairment	(53,410)	(1,938)	(55,348)
Net carrying amount	30,761	3,797	34,558

20. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES

Investments in joint ventures

	2016 RMB'000	2015 RMB'000 (Restated)
Share of net assets	**2,667,304**	973,038

The amounts due from and to joint ventures are disclosed in note 25 to the financial statements.

All of the Group's investments in joint ventures are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of a joint venture namely Shanghai Tuoying Co., Ltd. because the share of loss of the joint venture exceeded the Group's interest in the joint venture and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of this joint venture for the current year and cumulatively were RMB15,268,000 (2015: Nil) and RMB15,268,000 (2015: Nil), respectively.

The joint ventures of the Group are considered not individually material and the following table illustrates the aggregate financial information of the joint ventures:

	2016 RMB'000	2015 RMB'000 (Restated)
Share of the joint ventures' loss for the year	**(43,748)**	(12,999)
Share of the joint ventures' total comprehensive loss for the year	**(43,748)**	(12,999)
Aggregate carrying amount of the Group's investments in the joint ventures	**2,667,304**	973,038

Joint operations

On 11 May 2010, the Company entered into a framework cooperation agreement with Qingdao Urban Construction Investment (Group) Co., Ltd. ("Qingdao Urban Investment Group") pursuant to which the Company and Qingdao Urban Investment Group intended to jointly develop the Lanhai Xingang City project located in Qingdao, the PRC.

On 5 November 2010, Qingdao Jin Mao, an indirect wholly-owned subsidiary of the Company was established for the purpose of operating the Lanhai Xingang City project, and Qingdao Urban Investment Group entered into a capital increase agreement pursuant to which Qingdao Jin Mao agreed to inject RMB1 billion into Qingdao Lanhai Xingang City Properties Co., Ltd. ("Lanhai Xingang City"), a wholly-owned subsidiary of Qingdao Urban Investment Group, by way of capital injection to subscribe for its new registered capital.

On 28 July 2011, Qingdao Jin Mao completed the acquisition of a 50% equity interest in Lanhai Xingang City through contributing RMB1 billion to the newly registered capital of Lanhai Xingang City. On the same day, Qingdao Jin Mao and Qingdao Urban Investment Group entered into a supplementary agreement pursuant to which Lanhai Xingang City agreed to establish two branches, in which branch 1 would be unilaterally managed and controlled by Qingdao Jin Mao in respect of the development of the Southern region with a land area of 200 mu (the "Southern Region") and branch 2 would be unilaterally managed and controlled by Qingdao Urban Investment Group in respect of the development of the Northern region with a total land area of 140 mu (the "Northern Region"). The land use right certificate in connection with the Southern Region is registered under the name of Lanhai Xingang City.

The Group assessed this supplementary arrangement as a joint operation and recognised the assets, liabilities and revenue and expenses of branch 1 as the Group is given the rights to the assets and has obligations for the liabilities of branch 1 pursuant to the terms of the supplementary agreement.

20. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

The following table illustrates the summarised financial information of branch 1 of Lanhai Xingang City recognised in the Group's consolidated financial statements:

	2016 RMB'000	2015 RMB'000 (Restated)
Non-current assets		
Property, plant and equipment	543	1,160
Properties under development	79,459	597,585
Deferred tax assets	3,628	–
Intangible assets	–	37
Total non-current assets	83,630	598,782
Current assets		
Properties held for sale	672,403	148,530
Properties under development	2,125,800	1,568,777
Prepayments, deposits and other receivables	110,399	59,910
Prepaid tax	177,427	64,624
Restricted bank balances	80,777	127,927
Cash and cash equivalents	7,236	63,992
Total current assets	3,174,042	2,033,760
Current liabilities		
Trade and bills payables	648,519	360,738
Other payables and accruals	2,244,643	1,120,842
Total current liabilities	2,893,162	1,481,580
Net current assets	280,880	552,180
Total assets less current liabilities	364,510	1,150,962
Net assets	364,510	1,150,962

	2016 RMB'000	2015 RMB'000 (Restated)
Revenue	66,584	566,607
Cost of sales	(33,561)	(445,234)
Gross profit	33,023	121,373
Other income and gains	3,817	2,338
Selling and marketing expenses	(25,374)	(29,442)
Administrative expenses	(9,680)	(9,249)
Profit before tax	1,786	85,020
Income tax	(1,204)	(24,721)
Profit for the year	582	60,299

21. INVESTMENTS IN ASSOCIATES

	2016 RMB'000	2015 RMB'000 (Restated)
Share of net assets	**2,708,699**	1,453,662

The amounts due from and to associates are disclosed in note 25 to the financial statements.

All of the Group's investments in associates are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of an associate namely Shanghai Tuoping development Co., Ltd. because the share of loss of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of this associate for the current year and cumulatively were RMB33,695,000 (2015: Nil) and RMB33,695,000 (2015: Nil), respectively.

The associates of the Group are considered not individually material and the following table illustrates the aggregate financial information of the associates:

	2016 RMB'000	2015 RMB'000 (Restated)
Share of the associates' loss for the year	**(28,459)**	(72,066)
Share of the associates' total comprehensive loss for the year	**(28,459)**	(72,066)
Aggregate carrying amount of the Group's investments in the associates	**2,708,699**	1,453,662

22. INVENTORIES

	2016 RMB'000	2015 RMB'000 (Restated)
Raw materials	**83,283**	56,041
Consumables and tools	**1,086**	824
Hotel merchandise	**13,674**	14,498
Trading stock	**2,887**	3,030
	100,930	74,393

23. TRADE RECEIVABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Trade receivables	**6,451,005**	2,552,767
Impairment	**(4,528)**	(5,465)
	6,446,477	2,547,302

23. TRADE RECEIVABLES (Continued)

Consideration in respect of properties sold is receivable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for major customers. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within 1 month	**5,230,692**	2,389,189
1 to 3 months	**10,723**	33,839
4 to 6 months	**1,075,082**	1,806
6 months to 1 year	**43,158**	122,468
Over 1 year	**86,822**	–
	6,446,477	2,547,302

The Group has pledged trade receivables of approximately RMB21,557,000 (2015: RMB12,599,000) to secure a bank loan granted to the Group (note 31).

The movements in provision for impairment of trade receivables are as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
At 1 January	**5,465**	14,671
Impairment losses reversed (note 6)	**(937)**	(2,169)
Amount written off as uncollectible	**–**	(7,037)
	4,528	5,465

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB4,528,000 (2015: RMB5,465,000) with a carrying amount before provision of RMB4,528,000 (2015: RMB5,465,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default.

23. TRADE RECEIVABLES (Continued)

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Neither past due nor impaired	**6,441,843**	2,540,230
Less than 1 month past due	**3,850**	6,241
1 to 3 months past due	**274**	96
Over 3 months past due	**510**	735
	6,446,477	2,547,302

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000 (Restated)
Prepayments	**5,776,114**	904,544
Deposits	**103,677**	2,042,178
Other receivables	**1,197,183**	247,675
Due from non-controlling shareholders	**1,356,519**	1,800,251
Entrusted loans to a third party (current portion)	**125,000**	685,700
Prepaid land lease payments (note 18)	**52,965**	49,319
	8,611,458	5,729,667

None of the above assets is past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The current balance of amounts due from non-controlling shareholders are unsecured, interest-free and repayable within one year, except for the amounts of RMB833,500,000, in aggregate, which bear interest at rates of 0.35% per annum (2015: RMB1,277,232,000, in aggregate, which bore interest at rates from 0.35% to 6.60% per annum).

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

The current balance of the entrustment loan to a third party is an unsecured amount of RMB125,000,000, which bears interest at a rate of 4.75% per annum (2015: RMB288,000,000, RMB275,000,000 and RMB122,700,000, bore interest at rates of 12%, 5.5% and 4.35% per annum, respectively) and is receivable within one year.

The non-current balance of the entrustment loans to third parties of RMB62,500,000 and RMB271,077,000 are unsecured, bear interest at rates of 4.75% and 2.75% per annum, respectively, (2015: RMB187,500,000, bearing interest at rates of 5.5% per annum) and are repayable in year 2018.

25. BALANCES WITH RELATED PARTIES

An analysis of the balances with related parties is as follows:

	Notes	**2016 RMB'000**	2015 RMB'000 (Restated)
Current:			
Due from related parties:			
Ultimate holding company		**34**	–
Intermediate holding company		**2,965**	1,237
Immediate holding company		**1,236**	1,157
Fellow subsidiaries	(i)	**319,517**	1,653
Associates	(ii)	**2,433,957**	356,766
Joint ventures	(iii)	**13,681,764**	8,409,878
An associate of the Group's ultimate holding company		**4,563**	3
		16,444,036	8,770,694
Non-current:			
Due from a related party:			
An associate	(ii)	**–**	2,403,148
		–	2,403,148
Due to related parties:			
Ultimate holding company		**2,201**	2,170
Intermediate holding company		**22,808**	21,959
Immediate holding company		**4,425,765**	3,571,314
Fellow subsidiaries		**47,446**	55,541
Associates		**1,602,072**	600,000
Joint ventures		**2,889,940**	7,225
An associate of the Group's ultimate holding company		**19,140**	21,211
		9,009,372	4,279,420

The current balances of amounts due from related parties are unsecured, interest-free and are repayable on demand, except for the following:

(i) The current balances of due from fellow subsidiaries include the amount of RMB315,000,000 (2015: Nil) which bears interest at a rate of 2.175% per annum.

(ii) The balances of amounts due from associates include the amounts of RMB392,667,000 (2015: RMB2,403,148,000), RMB205,395,000 (2015: Nil) and RMB35,331,000 (2015: Nil) which bear interest at rates of 9%, 5.225% and 7.35% per annum, respectively.

25. BALANCES WITH RELATED PARTIES (Continued)

(iii) The current balances of amounts due from joint ventures include the amounts of RMB496,099,000 (2015: RMB122,972,000), RMB54,000 (2015: RMB816,884,000), RMB328,000,000 (2015: Nil), RMB244,000,000 (2015: Nil) and RMB38,220,000 (2015: Nil) which bear interest at rates of 5.9%, 6.9%, 12%, 7.5% and 7% per annum, respectively.

The current balances of amounts due to related parties are unsecured, interest-free and are repayable on demand.

26. OTHER FINANCIAL ASSETS

	2016 RMB'000	2015 RMB'000 (Restated)
Non-current balance	**180,000**	33,515
Current balance	**71,430**	120,750
	251,430	154,265

The current balance of other financial assets as at 31 December 2016 included financial products with original maturity of within three months when acquired from banks of RMB71,430,000 (2015: RMB40,000,000).

In addition, the current balance of other financial assets as at 31 December 2015 included a right at fair value of RMB80,750,000 to acquire non-controlling interests of 49% interests in Franshion Shengrong, which was exercised in March 2016.

The non-current balance of other financial assets as at 31 December 2016 represents the Group's unlisted equity investment with a carrying amount of RMB180,000,000. Since the investment does not have a quoted market price in an active market and its fair value cannot be reliably measured, it was stated at cost less impairment. The Group does not intend to dispose of it in the near future.

The non-current balance of other financial assets at 31 December 2015 represented the amounts recoverable from non-controlling shareholders as estimated by management in relation to the acquisition of Sanya Yazhouwan in 2012, which were early settled in 2016.

27. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	2016 RMB'000	2015 RMB'000 (Restated)
Cash and bank balances	**15,777,548**	10,332,506
Time deposits	**4,596,408**	3,421,882
	20,373,956	13,754,388
Less:		
Restricted bank balances	**(2,328,374)**	(2,757,355)
Cash and cash equivalents	**18,045,582**	10,997,033

27. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES (Continued)

At 31 December 2016, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB14,981,393,000 (2015: RMB9,393,670,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Included in the Group's cash and cash equivalents are deposits of RMB2,351,418,000 (2015: RMB2,794,534,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance"), a financial institution approved by the People's Bank of China. The interest rates on these deposits ranged from 0.35% to 1.655% per annum (2015: 0.35% to 1.62%). Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 44(a) to the financial statements.

28. DUE FROM NON-CONTROLLING SHAREHOLDERS

The amounts due from non-controlling shareholders are unsecured, bear interest at rates from 2.75% to 5.23% per annum and are not repayable within one year.

29. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within 1 year or on demand	**9,212,454**	11,056,568
Over 1 year	**1,618,232**	518,187
	10,830,686	11,574,755

The trade and bills payables are non-interest-bearing and are normally settled on 60-day terms.

30. OTHER PAYABLES AND ACCRUALS

	2016 RMB'000	2015 RMB'000 (Restated)
Other payables	**3,104,207**	2,151,062
Receipts in advance	**28,278,803**	13,846,820
Accruals	**140,629**	199,098
Due to non-controlling shareholders	**1,541,899**	2,596,125
Dividend payable to non-controlling shareholders	**71,741**	171,491
	33,137,279	18,964,596

Other payables are non-interest-bearing with an average term of not more than one year.

The amounts due to non-controlling shareholders as at 31 December 2016 are unsecured, interest-free and are repayable on demand.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2016			2015		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000 (Restated)
Current						
Bank loans, secured	–	–	–	4.35-5.70	2016	60,000
Bank loans, unsecured	**1.32-10.56**	**2017**	**2,881,639**	1.59-10.56	2016	2,679,475
Other loans, unsecured	**2.90-6.00**	**2017**	**1,151,000**	–	–	–
Current portion of long term bank loans, secured	**4.90**	**2017**	**1,532,000**	4.41-7.05	2016	2,536,466
Current portion of long term other loans, unsecured*	**3.53-4.99**	**2017**	**274,350**	5.25-5.78	2016	18,000
Current portion of long term bank loans, unsecured	**3.99-4.75**	**2017**	**2,637,405**	3.40-7.07	2016	1,889,992
Current portion of long term notes, unsecured	**4.83-5.60**	**2017**	**4,467,559**	–	–	–
			12,943,953			7,183,933
Non-current						
Bank loans, secured	**4.28-6.30**	**2018-2026**	**11,272,500**	4.41-7.05	2017-2030	11,081,260
Bank loans, unsecured	**1.77-5.40**	**2018-2024**	**6,951,556**	2.33-7.07	2017-2018	6,248,487
Other loans, unsecured*	**5.50**	**2019-2034**	**4,174,261**	5.25-5.78	2017-2020	379,991
Notes, unsecured	**4.83-6.85**	**2018-2022**	**10,388,470**	4.83-6.85	2017-2022	13,948,938
Domestic corporate bonds, unsecured	**3.55**	**2020**	**2,194,030**	3.55	2020	2,191,091
			34,980,817			33,849,767
			47,924,770			41,033,700

* The balance represents amounts due to a fellow subsidiary of the Company.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2016 RMB'000	2015 RMB'000 (Restated)
Analysed into:		
Bank loans repayable:		
Within one year	**7,051,044**	7,165,933
In the second year	**8,641,994**	7,467,617
In the third to fifth years, inclusive	**8,302,062**	7,143,830
Beyond five years	**1,280,000**	2,718,300
	25,275,100	24,495,680
Other borrowings repayable:		
Within one year	**5,892,909**	18,000
In the second year	**2,141,190**	4,429,496
In the third to fifth years, inclusive	**9,480,961**	7,562,722
Beyond five years	**5,134,610**	4,527,802
	22,649,670	16,538,020
	47,924,770	41,033,700

Notes:

(a) The Group's loan facilities amounting to RMB58,312,729,000 (2015: RMB46,555,868,000), of which RMB30,874,711,000 (2015: RMB24,893,673,000) had been utilised as at the end of the reporting period, are secured by the Group's property, plant and equipment, properties under development, properties held for sale, investment properties, prepaid land lease payments, trade receivables and the Company's equity interest in certain subsidiaries.

(b) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's property, plant and equipment, which had an aggregate net carrying value at the end of the reporting period of approximately RMB328,857,000 (2015: RMB2,667,273,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately RMB8,496,473,000 (2015: RMB14,805,420,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of RMB175,857,000 (2015: RMB186,044,000);

(iv) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately RMB12,493,860,000 (2015: RMB11,891,788,000);

(v) mortgages over certain of the Group's prepaid land lease payments, which had an aggregate carrying amount at the end of the reporting period of RMB166,392,000 (2015: RMB948,922,000);

(vi) mortgages over certain of the Group's trade receivables, which had an aggregate carrying amount at the end of the reporting period of RMB21,557,000 (2015: RMB12,599,000); and

(vii) pledge of certain of the equity interest in the Company's subsidiaries, which had an aggregate carrying amount at the end of the reporting period of RMB50,000,000 (2015: Nil).

(c) Except for the bank and other borrowings amounting to approximately RMB21,377,022,000 (2015: RMB19,173,170,000) which are denominated in United States dollars and RMB2,443,607,000 (2015: RMB2,747,723,000) which are denominated in Hong Kong dollars, all bank and other borrowings are denominated in RMB.

32. PROVISION FOR LAND APPRECIATION TAX

	RMB'000 (Restated)
At 1 January 2015	1,887,761
Charged to the statement of profit or loss during the year (note 10)	711,701
Payment during the year	(589,799)
Transfer from prepaid tax	(113,443)
At 31 December 2015 and 1 January 2016	**1,896,220**
Charged to the statement of profit or loss during the year (note 10)	**1,645,489**
Payment during the year	**(82,309)**
Transfer from prepaid tax	**(215,294)**
At 31 December 2016	**3,244,106**

PRC land appreciation tax

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

Effective from 1995, the local tax bureau requires the prepayment of LAT on the pre-sales and sales proceeds of property development. According to the relevant tax notices issued by local tax authorities, the Group is required to pay LAT in advance at 1% to 3.5% on the pre-sales and sales proceeds of the Group's properties.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set out in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects. The tax authorities might disagree with the basis on which the provision for LAT is calculated.

33. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000 (Restated)	Depreciation allowance in excess of related depreciation RMB'000 (Restated)	Fair value adjustment arising from acquisition of subsidiaries RMB'000 (Restated)	Withholding taxes RMB'000 (Restated)	Accrued interest income RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 January 2015	2,895,006	395,633	638,318	58,337	31,371	29,036	4,047,701
Deferred tax charged to the statement of profit or loss during the year (note 10)	313,858	38,322	–	–	52,528	67,612	472,320
Deferred tax charged to the statement of comprehensive income during the year	4,138	–	–	–	–	–	4,138
Gross deferred tax liabilities at 31 December 2015 and 1 January 2016	**3,213,002**	**433,955**	**638,318**	**58,337**	**83,899**	**96,648**	**4,524,159**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	**210,485**	**45,970**	**(14,294)**	**–**	**27,927**	**16,138**	**286,226**
Gross deferred tax liabilities at 31 December 2016	**3,423,487**	**479,925**	**624,024**	**58,337**	**111,826**	**112,786**	**4,810,385**

33. DEFERRED TAX (Continued)

Deferred tax assets

	Provision for LAT RMB'000 (Restated)	Losses available for offsetting against future taxable profits RMB'000 (Restated)	Unrealised profit arising from intra-group transactions RMB'000 (Restated)	Others RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 January 2015	479,931	156,039	215,159	64,782	915,911
Deferred tax (charged)/ credited to the statement of profit or loss during the year (note 10)	(6,539)	64,795	49,358	(4,270)	103,344
Gross deferred tax assets at 31 December 2015 and 1 January 2016	**473,392**	**220,834**	**264,517**	**60,512**	**1,019,255**
Deferred tax (charged)/credited to the statement of profit or loss during the year (note 10)	**343,565**	**2,412**	**(27,094)**	**39,303**	**358,186**
Gross deferred tax assets at 31 December 2016	**816,957**	**223,246**	**237,423**	**99,815**	**1,377,441**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2016 RMB'000	2015 RMB'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	**1,364,011**	1,009,417
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(4,796,955)**	(4,514,321)
	(3,432,944)	(3,504,904)

The Group also has tax losses arising in Mainland China of RMB1,102,386,000 (2015: RMB817,108,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

33. DEFERRED TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2016, the Group recognised deferred tax liabilities of approximately RMB58,337,000 (2015: RMB58,337,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining unremitted earnings of the Group's subsidiaries, joint ventures and joint operations will be distributed in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, joint ventures and joint operations in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB20,847,219,000 at 31 December 2016 (2015: RMB13,906,138,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

34. PERPETUAL CONVERTIBLE SECURITIES

On 12 October 2010, Franshion Capital Limited, a direct wholly-owned subsidiary of the Company, issued perpetual convertible securities with a nominal value of US$600 million (equivalent to RMB4,015,497,000). There was no movement in the number of perpetual convertible securities during the year. The direct transaction costs attributable to the perpetual convertible securities amounted to RMB57,936,000.

The perpetual convertible securities are convertible at the option of the holders of perpetual convertible securities into ordinary shares of the Company at any time on or after 11 October 2011 at the initial conversion price of HK$2.83 per ordinary share of the Company. While the perpetual convertible securities confer a right to receive distributions at 6.8% per annum, Franshion Capital Limited may, at its sole discretion, elect to defer a distribution pursuant to the terms of the perpetual convertible securities. The conversion price is adjusted from HK$2.83 to HK$2.80 per ordinary share with effect from 20 June 2014, being the date immediately after the record date fixed for the purpose of determining shareholder' entitlement to the 2013 final dividends. The conversion price is adjusted from HK$2.80 to HK$2.74 per ordinary share with effect from 18 July 2015, being the date immediately after the record date fixed for the purpose of determining shareholders' entitlement to the 2014 final dividends.

The perpetual convertible securities have no maturity date and are redeemable at the option of Franshion Capital Limited at any time after 11 October 2015 at 110% of the outstanding principal amount, together with all outstanding arrears of distribution (if any) and the distribution accrued to the date fixed for redemption. The perpetual convertible securities are also redeemable at the option of the holders of perpetual convertible securities upon any delisting or prolonged suspension (for a period of 90 consecutive days) arising from or as a result of an application to the Hong Kong Stock Exchange having been initiated or made by the Company or such delisting or prolonged suspension having been effected or imposed through any other means controlled by the Company or otherwise resulting from any action of the Company.

34. PERPETUAL CONVERTIBLE SECURITIES (Continued)

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of perpetual convertible securities due to redemption other than an unforeseen liquidation of the Company or Franshion Capital Limited. Accordingly, the perpetual convertible securities are classified as equity instruments.

On 14 June 2016, the Group partially repurchased perpetual convertible securities with an aggregate principal amount of US$200,000,000 (equivalent to approximately RMB1,319,187,000), at the total consideration of US$218,340,000 (equivalent to approximately RMB1,439,925,000) paid.

35. PERPETUAL SECURITIES

(a) Subordinate Guaranteed Perpetual Capital Securities

On 4 February 2016, Franshion Brilliant Limited, a wholly-owned subsidiary of the Company, issued the subordinate guaranteed perpetual capital securities with an amount of US$500,000,000 (equivalent to approximately RMB3,270,950,000). The direct transaction costs attributable to the issuance amounted to US$1,470,000 (equivalent to approximately RMB9,619,000).

The securities confer a right to receive distributions at the applicable distribution rate of 6% per annum from and including 4 February 2016, payable semi-annually on 4 February and 4 August of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of the perpetual securities due to redemption other than an unforeseen liquidation of the Company or Franshion Brilliant Limited. Accordingly, the perpetual securities are classified as equity instruments.

(b) Domestic Renewable Corporate Bonds

On 16 June 2016, Jinmao Investment Management (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company, issued the domestic renewable corporate bonds with an amount of RMB2,000,000,000. The direct transaction costs attributable to the issuance amounted to RMB5,737,000.

The coupon rate was fixed at 3.70% and every three interest-bearing years shall be a cycle. The Group has the option for extension at the end of every three interest-bearing years.

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of the corporate bonds due to redemption other than an unforeseen liquidation of the Company or Jinmao Investment Management (Shanghai) Co., Ltd. Accordingly, the perpetual securities are classified as equity instruments.

36. SHARE CAPITAL

Shares

	2016 **RMB'000**	2015 RMB'000 (Restated)
Issued and fully paid:		
10,671,810,609 (2015: 10,671,810,609) ordinary shares	**9,726,450,732**	9,726,450,732

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000 (Restated)
At 1 January 2015	**9,068,191,489**	14,249,358
Issue of new shares (note (a))	**1,600,000,000**	3,433,056
Share options exercised (note (b))	**3,619,120**	9,368
At 31 December 2015, 1 January 2016 and 31 December 2016	**10,671,810,609**	17,691,782

Notes:

(a) The Company issued 1,600,000,000 new shares at the placing price of HK$2.73 per share on 17 June 2015, with net proceeds of approximately HK$4,348,305,000 (equivalent to approximately RMB3,433,056,000).

(b) The subscription rights attaching to 3,619,120 share options were exercised at the subscription price of HK$2.44 per share (note 37), resulting in the issue of 3,619,120 shares for a total cash consideration, before expenses, of RMB7,037,000. An amount of RMB2,331,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 37 to the financial statements.

37. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's executive and non-executive directors and the Group's senior management, key technical and professional personnel, managers and employees, but do not include the Company's independent non-executive directors. The Scheme became effective on 22 November 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise and exercisability of the share options is related to the performance of individuals and of the Company. The board of directors will determine performance targets concerned and set out in the grant notice. The share options granted will become exercisable after two years from the grant date or a later date as set out in the relevant grant notice, and in any event shall end not later than seven years from the grant date but subject to the provisions for early termination of employment.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Hong Kong Stock Exchange closing price of the Company's shares on the grant date of the share options; (ii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the grant date; and (iii) the par value of the Company's share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

37. SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Scheme during the year:

	2016 Weighted average exercise price HK$ per share	**2016** Number of options	2015 Weighted average exercise price HK$ per share	2015 Number of options
At 1 January	**2.43**	**30,322,840**	2.46	45,427,670
Granted during the year	**2.196**	**172,350,000**	–	–
Forfeited during the year	**2.43**	**(18,297,920)**	2.44	(10,305,440)
Exercised during the year	**–**	**–**	2.44	(3,619,120)
Expired during the year	**–**	**–**	3.37	(1,180,270)
At 31 December	**2.21**	**184,374,920**	2.43	30,322,840

No share options were exercised during 2016 (the weighted average share price at the date of exercise for share options exercised during 2015 was HK$2.97 per share).

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2016

Number of options	**Exercise price* HK$ per share**	**Exercise period**
5,346,580	**2.44**	**28 November 2014 to 27 November 2019**
7,448,340	**2.44**	**28 November 2015 to 27 November 2019**
57,076,000	**2.196**	**17 October 2018 to 17 October 2023**
57,076,000	**2.196**	**17 October 2019 to 17 October 2023**
57,428,000	**2.196**	**17 October 2020 to 17 October 2023**
184,374,920		

2015

Number of options	Exercise price* HK$ per share	Exercise period
7,226,080	2.44	28 November 2014 to 27 November 2019
8,439,160	2.44	28 November 2015 to 27 November 2019
14,657,600	2.44	28 November 2016 to 27 November 2019
30,322,840		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

37. SHARE OPTION SCHEME (Continued)

The fair value of the share options granted during the year ended 31 December 2016 was HK$80,332,000 (HK$0.47 each), of which the Group recognised a share option expense of HK$5,931,000 (equivalent to RMB5,075,000) (2015: Nil) during the year ended 31 December 2016.

The fair value of the share options granted during the year ended 31 December 2012 was HK$51,858,000 (HK$0.89 each), of which the Group recognised a share option expense of HK$4,754,000 (equivalent to RMB4,067,000) (2015: RMB7,989,000) during the year ended 31 December 2016.

The fair value of the share options granted during the year ended 31 December 2008 was HK$7,604,000, which was fully recognised in prior years.

The fair value of equity-settled share options granted during the year ended 31 December 2016 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	2.99
Expected volatility (%)	36.58
Historical volatility (%)	36.58
Risk-free interest rate (%)	0.90
Contractual life of options (year)	5.05
Exercise multiple (times)	1.13
Weighted average share price (HK$ per share)	2.16

The expected life of the options is calculated based on the average of weighted vesting period and contractual period. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 184,374,920 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 184,374,920 additional ordinary shares of the Company and additional share capital of HK$408,009,000 (equivalent to RMB364,978,000) (before issue expenses).

38. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 152 to 153 of the financial statements.

Capital reserve

The capital reserve represents additional contribution made by the shareholders of the Company's subsidiaries and, in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary, the difference between the cost of acquisition and the non-controlling interests acquired.

In connection with the Initial Public Offering of Jinmao Hotel, the Company agreed to provide a distribution guarantee to the trustee-manager of Jinmao Hotel (the "Trustee-Manager") (for the benefit of the holders of Share Stapled Units) that the aggregate distributions to be made by the Trustee-Manager to the holders of Share Stapled Units (including the Company) for the period from the listing date of Share Stapled Units to 31 December 2014 would be an amount which represents an annualised distribution amount of not less than HK$960,000,000 for the financial year ended 31 December 2014. The actual distribution guarantee amount (from 2 July 2014 to 31 December 2014) is HK$481,000,000, of which a guarantee amount of HK$160,991,000 payable to holders of Share Stapled Units (other than the Company) was recognised in the consolidated capital reserve during the year ended 31 December 2014. Such distribution guarantee payable to holders of Share Stapled Units (other than the Company) of HK$160,991,000 was paid by the Company on 30 June 2015.

PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in Mainland China and were approved by the board of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of their registered capital.

Asset revaluation reserve

The asset revaluation reserve arose from the change in use from owner-occupied properties to investment properties carried at fair value.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	SISSC RMB'000	Shanghai Yin Hui RMB'000	Shanghai Xingwaitan RMB'000	JCHIML Group RMB'000
2016				
Percentage of equity interest held by non-controlling interests	**50%**	**50%**	**50%**	**33.47%**
Profit/(loss) for the year allocated to non-controlling interests	**662,366**	**57,961**	**(844)**	**124,816**
Dividends declared to non-controlling interests	**–**	**–**	**–**	**182,998**
Accumulated balances of non-controlling interests at the reporting date	**3,153,849**	**1,812,574**	**2,985,908**	**2,162,615**

	SISSC RMB'000 (Restated)	Shanghai Yin Hui RMB'000 (Restated)	Shanghai Xingwaitan RMB'000 (Restated)	JCHIML Group RMB'000 (Restated)
2015				
Percentage of equity interest held by non-controlling interests	50%	50%	50%	33.47%
Profit/(loss) for the year allocated to non-controlling interests	274,871	237,164	(884)	141,823
Dividends declared to non-controlling interests	–	–	–	153,373
Accumulated balances of non-controlling interests at the reporting date	1,829,117	1,819,203	2,987,596	2,319,445

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	SISSC RMB'000	Shanghai Yin Hui RMB'000	Shanghai Xingwaitan RMB'000	JCHIML Group RMB'000
2016				
Revenue	10,699,631	796,383	(487)	2,450,751
Total expenses	(9,374,899)	(680,461)	(1,201)	(2,076,125)
Profit/(loss) for the year	1,324,732	115,922	(1,688)	374,626
Total comprehensive income/(loss) for the year	2,649,464	245,113	(3,376)	79,891
Current assets	11,536,167	332,967	8,522,344	1,025,722
Non-current assets	2,552,694	4,722,635	10,775	17,381,497
Current liabilities	(7,781,163)	(1,121,415)	(2,561,303)	(6,510,662)
Non-current liabilities	–	(256,303)	–	(5,361,097)
Net cash flows from/(used in) operating activities	4,411,490	(465,303)	(1,310,863)	1,244,165
Net cash flows used in investing activities	(14,571)	–	(581)	(252,204)
Net cash flows from/(used in) financing activities	587,147	–	1,412,940	(830,915)
Net increase/(decrease) in cash and cash equivalents	4,984,066	(465,303)	101,496	161,046

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

	SISSC RMB'000 (Restated)	Shanghai Yin Hui RMB'000 (Restated)	Shanghai Xingwaitan RMB'000 (Restated)	JCHIML Group RMB'000 (Restated)
2015				
Revenue	1,719,175	732,752	–	2,390,261
Total expenses	(1,169,433)	(258,423)	(1,768)	(1,954,164)
Profit/(loss) for the year	549,742	474,329	(1,768)	436,097
Total comprehensive income/(loss) for the year	342,504	278,945	(357,182)	(200,300)
Current assets	7,722,400	1,204,877	7,136,157	994,963
Non-current assets	64,362	3,741,770	9,357	17,229,327
Current liabilities	(3,783,529)	(1,356,630)	(383,262)	(4,607,080)
Non-current liabilities	(345,000)	(157,247)	(787,060)	(6,639,774)
Net cash flows from/(used in) operating activities	71,034	1,455,878	(531,819)	1,082,732
Net cash flows used in investing activities	(86)	(1,504,347)	(923)	(544,662)
Net cash flows from/(used in) financing activities	680,448	(16,133)	504,200	(750,995)
Net increase/(decrease) in cash and cash equivalents	751,396	(64,602)	(28,542)	(212,925)

40. DISPOSAL/DEEMED DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2016, the Group lost control over certain subsidiaries upon transfer equity interest to third party investors. During the year ended 31 December 2015, the Group lost control over certain subsidiaries upon capital injections from third party investors into these then subsidiaries. As at 31 December 2016, these investees were measured and disclosed as investments in an associate and joint ventures in the consolidated statement of financial position.

Details of the financial impacts are summarised below:

	Notes	**2016 RMB'000**	2015 RMB'000 (Restated)
(Net liabilities)/net assets disposed of:			
Property, plant and equipment	13	**153**	–
Other non-current assets		**1,191**	–
Cash and cash equivalents		**151,306**	100
Properties under development	14	**23,516**	–
Prepayment		**3,510,000**	455,072
Other current assets		**85,754**	–
Other payables and accruals		**(1,405,213)**	(445,172)
Interest-bearing bank and other borrowings		**(2,367,069)**	–
		(362)	10,000
Fair value of interests retained by the Group		**–**	10,000
Gain on disposal/deemed disposal of subsidiaries	5	**365**	–
Satisfied by:			
Cash		**3**	–

An analysis of the net outflow of cash and cash equivalents in respect of the disposal/deemed disposal of subsidiaries is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Cash consideration	**3**	–
Cash and cash equivalents disposed of	**(151,306)**	(100)
Net outflow of cash and cash equivalents in respect of the disposal/deemed disposal of subsidiaries	**(151,303)**	(100)

41. CONTINGENT LIABILITIES

At the end of the reporting period, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB18,978,064,000 (2015: RMB12,180,586,000).

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 17) under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within one year	**929,328**	1,138,853
In the second to fifth years, inclusive	**940,708**	1,045,215
After five years	**76,098**	41,629
	1,946,134	2,225,697

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Within one year	**33,598**	24,041
In the second to fifth years, inclusive	**43,432**	11,853
	77,030	35,894

43. COMMITMENTS

In addition to the operating lease commitments detailed in note 42(b) above, the Group had the following commitments at the end of the reporting period:

	2016 RMB'000	2015 RMB'000 (Restated)
Contracted, but not provided for:		
Properties under development	**11,393,851**	15,618,060
Land under development	**1,321,983**	887,476
Property, plant and equipment	**4,036**	10,700
Capital contributions to joint ventures	**405,250**	160,500
	13,125,120	16,676,736

44. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2016 RMB'000	2015 RMB'000 (Restated)
Fellow subsidiaries:			
Rental income*	(i)	**171,825**	235,046
Property management fee income*	(i)	**22,792**	22,102
Interest expense	(ii)	**19,937**	30,514
Interest income	(iii)	**8,377**	4,224
Building decoration services income	(i)	**1,067**	–
The immediate holding company:			
Rental expense	(i)	**4,605**	5,182
Interest expense	(ii)	**85,255**	5,662
An intermediate holding company:			
Rental income*	(i)	**90,013**	74,776
Property management fee income*	(i)	**13,902**	8,135
Building decoration services income	(i)	**5,251**	–
The ultimate holding company:			
Rental income*	(i)	**7,957**	7,853
Property management fee income*	(i)	**393**	380
Joint ventures:			
Sales of land**	(i)	**–**	363,941
Interest income	(iv)	**125,145**	81,285
Consulting fee expense	(i)	**89,285**	16,166
Rental income	(i)	**305**	293
Property management fee income	(i)	**14,276**	35
Building decoration services income	(i)	**16,712**	–
Consulting fee income	(i)	**1,699**	–
Associates:			
Interest income	(iv)	**129,015**	222,575
Interest expense	(v)	**9,201**	1,167
Property management fee income	(i)	**5,111**	–
Building decoration services income	(i)	**28,564**	–
Consulting fee income	(i)	**5,181**	–
An associate of the Group's ultimate holding company:			
Rental income	(i)	**57,456**	–
Property management fee income	(i)	**2,382**	–

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest expense was charged at rates ranging from 2.02% to 4.99% (2015: 3.92% to 6.00%) per annum.

(iii) The interest income was determined at rates ranging from 0.35% to 2.18% (2015: 0.35% to 1.62%) per annum.

(iv) The interest income was determined at rates ranging from 5.23% to 12.00% (2015: 6.90% to 9.00%) per annum.

(v) The interest expense was charged at a rate of 7.00% (2015: 7.00%) per annum.

* These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

** After elimination of unrealised profits.

44. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel of the Group

	2016 RMB'000	2015 RMB'000 (Restated)
Short term employee benefits	**33,014**	30,335
Post-employment benefits	**2,285**	2,126
Equity-settled share option expense	**1,480**	2,287
Total compensation paid to key management personnel	**36,779**	34,748

The number of non-director and non-chief executive, key management personnel whose remuneration fell within the following bands is as follows:

	Number of key management personnel 2016	2015
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	1
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**3**	1
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**3**	1
HK$3,500,001 to HK$4,000,000	**1**	3
HK$4,000,001 to HK$4,500,000	**1**	1
HK$4,500,001 to HK$5,000,000	**1**	–
	11	9

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

(c) Transactions and balances with other state-owned entities

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Group had transactions with other SOEs including, but not limited to, borrowings, deposits, the sale of properties developed, the provision of property lease and management service and the provision of sub-contracting services. The directors of the Company consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and such pricing policies do not depend on whether or not the customers are SOEs.

45. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2016				2015		
	Financial assets at fair value through profit or loss RMB'000	**Loans and receivables RMB'000**	**Available-for-sale investments RMB'000**	**Total RMB'000**	Financial assets at fair value through profit or loss RMB'000 (Restated)	Loans and receivables RMB'000 (Restated)	Total RMB'000 (Restated)
Financial assets							
Trade receivables	**–**	**6,446,477**	**–**	**6,446,477**	–	2,547,302	2,547,302
Financial assets included in prepayments, deposits and other receivables (note 24)	**–**	**3,115,956**	**–**	**3,115,956**	–	4,963,304	4,963,304
Due from related parties	**–**	**16,444,036**	**–**	**16,444,036**	–	11,173,842	11,173,842
Due from non-controlling shareholders	**–**	**309,173**	**–**	**309,173**	–	–	–
Other financial assets	**71,430***	**–**	**180,000**	**251,430**	154,265*	–	154,265
Restricted bank balances	**–**	**2,328,374**	**–**	**2,328,374**	–	2,757,355	2,757,355
Cash and cash equivalents	**–**	**18,045,582**	**–**	**18,045,582**	–	10,997,033	10,997,033
	71,430	**46,689,598**	**180,000**	**46,941,028**	154,265	32,438,836	32,593,101

* These other financial assets were designated as financial assets at fair value through profit or loss upon initial recognition.

	2016 Financial liabilities at amortised cost RMB'000	2015 Financial liabilities at amortised cost RMB'000 (Restated)
Financial liabilities		
Trade and bills payables	**10,830,686**	11,574,755
Financial liabilities included in other payables and accruals (note 30)	**4,717,847**	4,918,678
Due to related parties	**9,009,372**	4,279,420
Interest-bearing bank and other borrowings	**47,924,770**	41,033,700
	72,482,675	61,806,553

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2016	2015	**2016**	2015
	RMB'000	RMB'000 (Restated)	**RMB'000**	RMB'000 (Restated)
Financial assets				
Other financial assets (current)				
– call option	–	80,750	–	80,750
Other financial assets (non-current)	–	33,515	–	33,515
	–	114,265	–	114,265
Financial liabilities				
Interest-bearing bank and other borrowings	**47,924,770**	41,033,700	**48,676,582**	42,084,118

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, financial products included in other financial assets, trade and bills payables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings except for notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of notes is based on quoted market prices. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2016 was assessed to be insignificant.

The fair value of a call option included in current other financial assets has been estimated using the residual method. The residual method measures the fair value of the property by deducting the estimated development costs including outstanding construction costs, marketing expense and developer profit from the gross development value assuming that it was completed as of the valuation date. The fair value of non-current other financial assets has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about the expected future cash flows including expected future dividends. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, are reasonable and that they were the most appropriate values at the end of the reporting period.

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Fair value measurement using significant unobservable inputs (Level 3)

	2016 RMB'000	2015 RMB'000 (Restated)
Other financial assets (current) – call option	–	80,750
Other financial assets (non-current)	–	33,515
	–	114,265

The Group's assets were neither categorised in Level 1 nor Level 2 as at 31 December 2016 (2015: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Other financial assets:		
At 1 January	**114,265**	199,765
Disposals	**(114,265)**	(85,500)
At 31 December	–	114,265

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2015: Nil).

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2016 (2015: Nil).

Assets for which fair values are disclosed:

The Group did not have any financial assets that were not measured at fair value in the statement of financial position but for which the fair value is disclosed as at 31 December 2016 (2015: Nil).

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings	**17,801,871**	**30,874,711**	**–**	**48,676,582**

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Restated)	Significant observable inputs (Level 2) RMB'000 (Restated)	Significant unobservable inputs (Level 3) RMB'000 (Restated)	Total RMB'000 (Restated)
Interest-bearing bank and other borrowings	17,190,447	24,893,671	–	42,084,118

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
31 December 2016		
RMB	**25**	**(29,001)**
US$	**25**	**(18,952)**
HK$	**25**	**(4,850)**
RMB	**(25)**	**29,001**
US$	**(25)**	**18,952**
HK$	**(25)**	**4,850**
31 December 2015 (restated)		
RMB	25	(36,327)
US$	25	(15,557)
HK$	25	(6,965)
RMB	(25)	36,327
US$	(25)	15,557
HK$	(25)	6,965

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and has applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currencies out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from the appropriate PRC Governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends to the Company, without the prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Group's subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits and interest-bearing borrowings denominated in United States dollars. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. At 31 December 2016, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited, and the Group may not be able to hedge the Group's exposure successfully, or at all.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between HK$ and US$ on the Group's profits for the years ended 31 December 2016 and 2015.

	Group	
Increase/(decrease) in US$ rate	**Increase/ (decrease) in profit for the year 2016 RMB'000**	Increase/ (decrease) in profit for the year 2015 RMB'000 (Restated)
+1%	**(198,515)**	(180,107)
-1%	**198,515**	180,107

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US$ on the Group's profits for the years ended 31 December 2016 and 2015.

	Group	
Increase/(decrease) in US$ rate	**Increase/ (decrease) in profit for the year 2016 RMB'000**	Increase/ (decrease) in profit for the year 2015 RMB'000 (Restated)
+5%	**7,230**	22,429
-5%	**(7,230)**	(22,429)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk arising from its land development revenue, the sale of properties, leasing activities, the provision of hotel and property management services and its financing activities, including deposits with banks and financial institutions and derivatives. Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit facilities to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing loans. In the opinion of the directors, most of the borrowings that mature within one year are able to be renewed and the Group is expected to have adequate source of funding to finance and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

			2016		
	Within 1 year or on demand RMB'000	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**	**More than 5 years RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings	**15,537,584**	**12,233,744**	**19,680,241**	**8,149,702**	**55,601,271**
Trade and bills payables	**10,830,686**	**–**	**–**	**–**	**10,830,686**
Other payables	**4,717,847**	**–**	**–**	**–**	**4,717,847**
Due to related parties	**9,009,372**	**–**	**–**	**–**	**9,009,372**
	40,095,489	**12,233,744**	**19,680,241**	**8,149,702**	**80,159,176**

			2015		
	Within 1 year or on demand RMB'000 (Restated)	More than 1 year but less than 2 years RMB'000 (Restated)	More than 2 years but less than 5 years RMB'000 (Restated)	More than 5 years RMB'000 (Restated)	Total RMB'000 (Restated)
Interest-bearing bank and other borrowings	9,093,532	13,436,585	17,164,611	7,884,474	47,579,202
Trade and bills payables	11,574,755	–	–	–	11,574,755
Other payables	4,918,678	–	–	–	4,918,678
Due to related parties	4,279,420	–	–	–	4,279,420
	29,866,385	13,436,585	17,164,611	7,884,474	68,352,055

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 31 December 2015.

The Group monitors capital on the basis of the net debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the statement of financial position) less cash and cash equivalents, restricted bank balances and certain other financial assets included in current assets. Adjusted capital comprises all components of equity (including non-controlling interests) and amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted-capital ratio at a reasonable level. The net debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Notes	**2016 RMB'000**	2015 RMB'000 (Restated)
Interest-bearing bank and other borrowings	31	**47,924,770**	41,033,700
Less: Cash and cash equivalents	27	**(18,045,582)**	(10,997,033)
Restricted bank balances	27	**(2,328,374)**	(2,757,355)
Certain other financial assets included in current assets	26	**(71,430)**	(40,000)
Net debt		**27,479,384**	27,239,312
Total equity		**55,744,080**	49,348,710
Add: Amounts due to the immediate holding company	25	**4,425,765**	3,571,314
Adjusted capital		**60,169,845**	52,920,024
Net debt-to-adjusted-capital ratio		**45.7%**	51.5%

48. EVENTS AFTER THE REPORTING PERIOD

On 17 January 2017, Franshion Brilliant Limited, a wholly owned subsidiary of the Company, completed an issue of subordinate guaranteed perpetual capital securities in the aggregate principal amount of US$500,000,000 (equivalent to RMB3,449,600,000). The securities confer a right to receive distribution at 5.75% per annum payable semi-annually in arrears beginning on 17 July 2017.

On 1 March 2017, the Company repurchased senior guaranteed notes due 2017 (the "Notes") issued by Franshion Investment Limited, a wholly owned subsidiary of the Company, with the aggregate outstanding principal amount of US$305,860,000 (equivalent to RMB2,104,256,000). The price payable per US$1,000 principal amount of the Notes accepted for purchase is US$1,022.50 together with accrued interest payments. On 1 March 2017, the principal amount tendered come to US$305,860,000 (equivalent to RMB2,104,256,000). Upon completion of the repurchase, US$194,140,000 (equivalent to RMB1,335,644,000) of the senior guaranteed notes due 2017 remained outstanding.

On 3 March 2017, Franshion Investment Limited completed an issue of the guaranteed senior notes due 2022 with interest rate of 3.60% per annum in the aggregate principal amount of US$500,000,000 (equivalent to RMB3,444,800,000).

49. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the change of presentation currency during the current year, the comparative figures in the consolidated financial statements have been restated from HK$ to RMB accordingly to conform with the current year's presentation, and a third statement of financial position as at 1 January 2015 has been presented.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	**98**	117
Intangible assets	**2,002**	1,875
Investments in subsidiaries	**22,438,202**	19,706,544
Total non-current assets	**22,440,302**	19,708,536
CURRENT ASSETS		
Due from subsidiaries	**25,928,725**	23,164,855
Prepayments, deposits and other receivables	**20,312**	1,530
Due from related parties	**1,236**	1,157
Cash and cash equivalents	**156,030**	225,053
Total current assets	**26,106,303**	23,392,595
CURRENT LIABILITIES		
Other payables and accruals	**30,669**	166,945
Due to related parties	**4,425,765**	3,571,314
Interest-bearing bank borrowings	**4,197,636**	2,264,388
Total current liabilities	**8,654,070**	6,002,647
NET CURRENT ASSETS	**17,452,233**	17,389,948
TOTAL ASSETS LESS CURRENT LIABILITIES	**39,892,535**	37,098,484
NON-CURRENT LIABILITIES		
Due to subsidiaries	**19,940,165**	15,141,818
Interest-bearing bank borrowings	**1,594,815**	2,905,746
Total non-current liabilities	**21,534,980**	18,047,564
Net assets	**18,357,555**	19,050,920
EQUITY		
Share capital	**17,691,782**	17,691,782
Reserves (note)	**665,773**	1,359,138
Total equity	**18,357,555**	19,050,920

Li Congrui
Director

Jiang Nan
Director

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:
A summary of the Company's reserves is as follows:

	Exchange fluctuation reserve RMB'000 (Restated)	Share option reserve RMB'000 (Restated)	Retained profits RMB'000 (Restated)	Total RMB'000 (Restated)
At 1 January 2015	(2,272,727)	24,741	4,274,735	2,026,749
Final 2014 dividend declared	–	–	(986,334)	(986,334)
Total comprehensive income/(loss) for the year	1,142,751	–	(829,686)	313,065
Equity-settled share option arrangements	–	7,989	–	7,989
Exercise of share options	–	(2,331)	–	(2,331)
Transfer of share option reserve upon the forfeiture or expiry of share options	–	(7,996)	7,996	–
At 31 December 2015 and 1 January 2016	(1,129,976)	22,403	2,466,711	1,359,138
Final 2015 dividend declared	–	–	(721,841)	(721,841)
Total comprehensive income/(loss) for the year	(1,178,807)	–	1,198,141	19,334
Equity-settled share option arrangements	–	9,142	–	9,142
Transfer of share option reserve upon the forfeiture or expiry of share options	–	(13,348)	13,348	–
At 31 December 2016	(2,308,783)	18,197	2,956,359	665,773

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2017.

Five-Year Financial Information

31 December 2016

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2012 RMB'000 (Restated)	2013 RMB'000 (Restated)	2014 RMB'000 (Restated)	2015 RMB'000 (Restated)	**2016 RMB'000**
RESULTS					
Revenue	13,970,771	16,552,619	23,398,918	17,770,703	**27,304,073**
Cost of sales	(8,115,317)	(9,202,343)	(14,245,624)	(10,899,486)	**(17,099,317)**
Gross profit	5,855,454	7,350,276	9,153,294	6,871,217	**10,204,756**
Other income and gains	1,570,912	1,881,673	2,260,868	2,190,084	**1,493,026**
Selling and marketing expenses	(357,192)	(498,329)	(724,289)	(787,335)	**(804,573)**
Administrative expenses	(787,419)	(928,003)	(1,329,382)	(1,235,896)	**(1,561,732)**
Other expenses and losses, net	(12,900)	(16,250)	(20,716)	(88,333)	**(239,810)**
Finance costs	(802,052)	(1,058,261)	(967,605)	(456,415)	**(728,662)**
Share of profits and losses of:					
Joint ventures	2,003	1,832	(1,047)	(12,999)	**(43,748)**
Associates	–	–	(24,889)	(72,066)	**(28,459)**
PROFIT BEFORE TAX	5,468,806	6,732,938	8,346,234	6,408,257	**8,290,798**
Income tax expense	(2,263,717)	(2,710,922)	(3,075,725)	(2,307,172)	**(3,717,116)**
PROFIT FOR THE YEAR	3,205,089	4,022,016	5,270,509	4,101,085	**4,573,682**
Attributable to:					
Owners of the parent	2,747,461	3,377,128	4,193,898	3,045,520	**2,535,515**
Non-controlling interests	457,628	644,888	1,076,611	1,055,565	**2,038,167**
	3,205,089	4,022,016	5,270,509	4,101,085	**4,573,682**

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2012 RMB'000 (Restated)	2013 RMB'000 (Restated)	2014 RMB'000 (Restated)	2015 RMB'000 (Restated)	**2016 RMB'000**
Total non-current assets	35,922,456	58,277,259	64,979,036	71,328,044	**80,621,263**
Total current assets	30,973,063	36,732,786	43,908,442	61,798,355	**86,282,853**
Total assets	66,895,519	95,010,045	108,887,478	133,126,399	**166,904,116**
Total current liabilities	20,859,517	31,137,602	26,746,641	45,413,601	**71,382,264**
Total non-current liabilities	18,059,978	26,747,311	37,700,500	38,364,088	**39,777,772**
Total liabilities	38,919,495	57,884,913	64,447,141	83,777,689	**111,160,036**
Equity attributable to:					
Owners of the parent	23,415,099	26,387,203	29,702,128	33,547,922	**31,626,291**
Non-controlling interests	4,560,925	10,737,929	14,738,209	15,800,788	**24,117,789**
Total equity	27,976,024	37,125,132	44,440,337	49,348,710	**55,744,080**

PROTECT ENVIRONMENT, CREATE FUTURE TOGETHER

For the reason of good corporate citizenship, we print our 2016 Annual Report with paper from responsible source to fulfill our corporate responsibility and create a bright future for our next generation.

中国金茂
CHINA JINMAO
中化集团成员企业

CHINA JINMAO HOLDINGS GROUP LIMITED

Rooms 4702-4703, 47th Floor, Office Tower, Convention Plaza,
No. 1 Harbour Road, Wan Chai, Hong Kong

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C021898