Ronshine China Holdings Limited

融信中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code：3301

2016 Annual Report

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ou Zonghong
(Chairman and Chief Executive Officer)
Mr. Wu Jian *(Vice President)*
Mr. Lin Junling *(Vice President)*
Ms. Zeng Feiyan *(Chief Financial Officer)*

Independent Non-Executive Directors

Mr. Lo, Wing Yan William
Mr. Ren Yunan
Mr. Qu Wenzhou

AUDIT COMMITTEE

Mr. Qu Wenzhou *(Chairman)*
Mr. Lo, Wing Yan William
Mr. Ren Yunan

REMUNERATION COMMITTEE

Mr. Ren Yunan *(Chairman)*
Mr. Ou Zonghong
Mr. Qu Wenzhou

NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*
Mr. Lo, Wing Yan William
Mr. Qu Wenzhou

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

As to PRC law:
FenXun Partners

COMPLIANCE ADVISER

Guotai Junan Capital Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

6th Floor, Tower T1, Hongqiao Vanke Centre
No.988 Shen Zhang Road
Minhang District
Shanghai
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan
Ms. Ng Wing Shan *(FCS, FICS)*

AUTHORISED REPRESENTATIVES

Mr. Ou Zonghong
Ms. Ng Wing Shan

PRINCIPAL BANKERS

Bank of China Limited
(Pingtan Sub-branch)

Agricultural Bank of China Limited
(Hudong Sub-branch)

Industrial and Commercial Bank of China Limited
(Cangshan Sub-branch)

WEBSITE

www.rongxingroup.com

STOCK CODE

STOCK

HKEx: 3301

BOND

US$225,000,000 6.95% Senior Notes due 2019

Common Code:	152895577
ISIN:	XS1528955773

Awards

Honors from securities markets and credit rating agencies:

2015 Most Valuable Brands of Listed Companies

On 27 March 2016, Ronshine garnered the "2015 Most Valuable Brands of Listed Companies" from cnfol.com.

MSCI Global Small Cap Indexes — China

On 31 May 2016, Ronshine was admitted into "MSCI Global Small Cap Indexes — China".

"AA+" long term general corporate credit rating

On 3 July 2016, Rongxin (Fujian) Investment Group Co., Ltd., a wholly-owned subsidiary of Ronshine, was assigned "AA+" long term general corporate credit rating with a stable outlook by United Credit Ratings Co., Ltd.

Hong Kong Hang Seng Composite SmallCap Index

On 5 September 2016, Ronshine was admitted into the "Hong Kong Hang Seng Composite Small Cap Index".

Credit ratings from the three major international rating agencies

In 2016, Ronshine received credit ratings from three major international rating agencies, being B+, B and B2 ratings from Fitch, S&P and Moody's, respectively, all on a stable outlook.

Honors from ranking by enterprise comprehensive strength:

2015 China Real Estate Enterprises Top 20, in terms of Financing Capability

On 28 January 2016, Ronshine was ranked 17th nationally according to the "2015 China Real Estate Enterprises Top 20, in terms of Financing Capability" jointly published by China Real Estate Evaluation Centre and CRIC Research Center.

2016 Best 30 of China Real Estate Developers

2016 Best 10 of Development of China Real Estate Developers

On 22 March 2016, Ronshine was ranked 30th nationally according to the "2016 Best 50 of China Real Estate Developers" jointly published by the China Real Estate Industry Association and the China Real Estate Evaluation Centre, and was awarded the "2016 Best 10 of Development of China Real Estate Developers".

Ranking 28th among the Branded China Real Estate Enterprises

On 21 June 2016, Ronshine was ranked 28th nationally according to the "2016 Ranking List of China Real Estate Enterprises, in terms of Half-year Sales" jointly published by CRIC Research Center and E&H Think Tank, both being authoritative research institutions in China's real estate industry.

Top 50 Brand Value of China Real Estate Enterprises, valued at RMB8.863 billion

On 21 September 2016, based on the "Assessment and Research Report on the Brand Value of China Real Estate Enterprises for 2016", the brand value of Ronshine was valued at RMB8.863 billion, honored for the fourth successive year as the "Top 50 Brand Value of China Real Estate Enterprises".

Annual special honors for operation and management:

2016 Most Growth Enterprises in China

On 18 December 2016, Ronshine was honored as the "2016 Most Growth Enterprises in China" jointly by authoritative financial medias including CBN and China Real Estate Finance under CBN.

Most Valuable Real Estate Enterprise for the Year 2016

On 21 December 2016, Ronshine was honored as the "Most Valuable Real Estate Enterprise for the Year 2016" at the "6th Annual Conference of Most Valuable Real Estate Enterprise cum 2016 Press Conference for China's White Paper of Urban value" hosted by National Business Daily.

China's Responsible Real Estate Enterprises Nominated Enterprise for the People's Choice

On 23 December 2016, Ronshine was awarded the "China's Responsible Real Estate Enterprises" by people.cn and was chosen as the "Nominated Enterprise for the People's Choice".

Member Unit of "China Secure Community Alliance"

On 27 December 2016, Ronshine was named the "Member Unit of China Secure Community" which was hosted by Xinhuanet jointly by Xinhua Daily Telegraph, China Securities Journal, Shanghai Securities News and other media.

China Best Employer 2016

On 31 December 2016, Ronshine was awarded the "China Best Employer 2016". So far, Ronshine has won this award for the sixth consecutive year.

Special awards for star projects:

Ronshine Hangzhou Mansion
(融信 • 杭州公館)
2016 Typical Residential Projects of China Real Estate Developers

On 22 March 2016, Ronshine Hangzhou Mansion (融信 • 杭州公館) was chosen as a "2016 Typical Residential Projects of China Real Estate Developers" by the China Real Estate Industry Association and the China Real Estate Evaluation Centre.

The Twin Harbour City
(融信 • 雙杭城)
2016 Best Brand of China Real Estate Projects

On 21 September 2016, The Twin Harbour City (融信 • 雙杭城) was named as the "2016 Best Brand of China Real Estate Projects" by the China Real Estate Industry Association and the China Real Estate Evaluation Centre.

Ronshine Hangzhou Mansion
(融信 • 杭州公館)
China Secure Community Alliance: High-end Residential Projects

On 27 December 2016, Ronshine Hangzhou Mansion (融信 • 杭州公館) was awarded the "China Secure Community Alliance: High-end Residential Projects" which was hosted by Xinhuanet jointly by Xinhua Daily Telegraph, China Securities Journal, Shanghai Securities News and other media.

Dear Shareholders,

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

MARKET REVIEW

During the past year, the Chinese government continuously tightened property control measures, including a shift from credit easing policies and preferential tax treatment at the beginning of the year to restrictions on property purchases and mortgage loans in the first-tier cities towards the end of the year. Various parts of China adopted increasingly stringent financial and market regulations on the property industry. With a view to "cutting excess inventory", local governments implemented a strategy of "formulating policies according to cities" to cut property inventories and continued to address the imbalance between the "high housing price in the first-tier and second-tier cities" and "high inventories in the third-tier and fourth-tier cities", thus promoting stable and healthy development of the property market. According to the 100 city price index of the China Real Estate Index System, although the housing prices of popular cities in 2016 increased significantly, the growth of the property market tended to be stable following the tightened regulations in the fourth quarter. According to the National Bureau of Statistics, the real estate climate index remained at 94 during the year, a relatively moderate level.

In 2016, the Western Taiwan Straits Economic Zone and the Yangtze River Delta Economic Region, the two regional markets that Ronshine focused on, recorded rapid economic growth. In particular, the Yangtze River Delta, the most economically dynamic region in China, achieved a faster economic growth than the average level in China, and the GDP of Fujian province entered the top 10 in national ranking for the first time. In respect of cutting inventory, the sales cycle of commercial property in Fujian province shortened by nine months as compared with the beginning of last year, demonstrating that initial success was achieved in structural reform on the supply side. During the year, Ronshine won the bid for several quality land parcels located in the prime areas of Shanghai and Hangzhou. Its precise market blueprint laid a solid foundation for the business expansion and performance growth of Ronshine.

BUSINESS REVIEW

The year of 2016 was the first year for Ronshine to enter the international capital market. With years of sound development, the shares of Ronshine were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 January 2016 (the "**Listing Date**"), making Ronshine the first property company in mainland China listed in Hong Kong in 2016. During the first year after its successful listing, Ronshine was widely recognised by the property industry and the capital market for its sound performance and promising development prospects. In July 2016, the credit rating of Rongxin (Fujian) Investment Group Co., Ltd. ("**Rongxin Group**"), the principal operating entity of the Group established in China, was adjusted to "AA+" by United Credit Rating Co., Ltd. (聯合信用評級有限公司). The Company was chosen by the "MSCI Global Small Cap Indexes — China" and the "Hong

Kong Hang Seng Composite SmallCap Index", two top indexes in the international and Hong Kong markets, as one of their constituents. The Company was also included in the eligible list after the launch of "Shenzhen-Hong Kong Stock Connect", attracting continuous attention from investors.

The year of 2016 was also the first year for Ronshine to expand across China. Progress was made by Ronshine in transforming from a regional property company rooted in Fujian province to a national property company. Ronshine continued to consolidate its leading position in the Western Taiwan Straits Economic Zone including Fuzhou, Xiamen and Zhangzhou, and increase its competitive advantages in the two important economic hubs, Shanghai and Hangzhou in the Yangtze River Delta Economic Region. According to the 2016 Property Enterprise Sales Top 10 in Greater Fuzhou Area (2016年度大福州房地產企業銷售排行榜) issued by the CRIC Research Center, an authoritative research institution in Chinese real estate industry, Ronshine ranked the first in the Greater Fuzhou area, the first for office building projects in Xiamen, the first in Zhangzhou, and the fifth in Hangzhou, in terms of the total gross floor area sold in 2016. In 2016, the contracted sales of the Group amounted to RMB24.6 billion with a sharp year-on-year increase of 107%. The revenue of the Group amounted to approximately RMB11.4 billion with a significant year-on-year increase of approximately 53%. During the year, the Group continued to optimise its debt structure though issuing corporate bonds and asset-backed

securities which are backed by the account receivables for balance payment of properties sold in China and USD-denominated senior notes overseas. Due to sound business operation and diversified financing channels, the gearing ratio of the Group decreased significantly from 247% for the year 2015 to 98% for the year 2016.

During the year, Ronshine not only attracted the attention of the property industry and the investors on the Group's business operation and capital market operation, but also gained recognition from society for its star projects and its prestigious brand. During the year, Ronshine officially founded the "Ronshine Sinology" which integrates sinology with community services, with a view to promoting cultural heritage. The project "Ronshine Hangzhou Mansion" (融信 • 杭州公館) carefully restored Hongfeng Park to conserve the history of Hangzhou. Activities organised by the "Ronshine Public Welfare Foundation" were carried out continuously. Bearing its corporate social responsibilities in mind, Ronshine adheres to the philosophy of "taking from society and giving back to society".

FUTURE PROSPECTS

At the Central Economic Working Conference held at the end of 2016, it was determined that the main target of economic growth of 2017 is to achieve a stable improvement. In respect of the property market, the central government requested the acceleration of research and the establishment of fundamental institutions and long-term mechanisms that suit national conditions and adapt to market demands through finance, land, taxation, investment and legislation measures. Also, the smooth progress of new urbanisation, regional integration and reform of the household registration system will create a favourable environment for the long-term development of the property industry.

The Company hope that the property market in China will reposition itself in 2017, and establish a social housing system that makes housing more accessible to residents. Ronshine will continue to cultivate its business in the core areas of the first-tier and second-tier cities and strategically expand to other first-tier and second-tier cities and some third-tier cities with development potential. At the same time, taking into account the fierce competition in the land market of China, Ronshine will further expand its access to land parcels and increase the proportion of land parcels acquired through mergers and acquisitions so as to maintain reasonable land cost while obtaining quality land resources. As at 31 December 2016, Ronshine had abundant high-quality land reserves with a total gross floor area of approximately 10.6 million square meters, approximately 81.16% of which were located in the core areas of the cities with high growth potential such as Shanghai, Hangzhou, Fuzhou and Xiamen.

Meanwhile, the Company will continue to adhere to "building with sincerity and building with love (融鑄誠信、造有情房)" and build landmark products that meet the needs of local markets. By the end of 2016, the Company built a number of landmark projects including "Ronshine Hangzhou Mansion" (融信 • 杭州公館), "The Twin Harbor City (融信 • 雙杭城)" and "Ocean City (融信 • 海上城)". In 2017, we will further upgrade its products to incorporate more elements such as health, technology and environment protection, thus building properties that are better quality and cater better to customer demands.

Looking ahead, Ronshine will stick to a prudent and sound operational strategy while continuing to cultivate its existing markets and strategically expanding its market presence across China. Ronshine will strengthen its management system focusing on profitability management and control, and improve core indicators such as product profitability, cost control capacity and turnover rate. At the same time, Ronshine will further optimise and adjust its debt structure, enhance its financing cost control, improve its asset turnover efficiency and strive to achieve a sustainable development through implementing an asset-light strategy.

ACKNOWLEDGEMENTS

On behalf of the Board, I hereby express my sincere gratitude to the shareholders of the Company (the "**Shareholders**") and partners for their continued support, and my heartfelt thanks go to the Directors, the management team and all employees for their hard work and contributions in the past years. In 2017, the Company will continue to adhere to its philosophy of "ingenuity creating quality and responsibility reflecting value", achieve sustainable development, and bring higher returns to its Shareholders.

Ou Zonghong
Chairman

Hong Kong, 20 March 2017

Summary of Principal Properties

The tables below set forth the details of the property development projects of the Group as at 31 December 2016.

PROJECTS DEVELOPED BY THE GROUP

As at 31 December 2016, the subsidiaries, joint ventures and an associated company of the Group engaged in a total of 55 property development projects.

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
1 First City Rongxin Super Star City Phase I (融信•第一城一期)	Fuzhou	49,787.00	100%	Basement (including car parks)	92,665.70	151.80	Oct-06
2 First City Rongxin Super Star City Phase III (融信•第一城三期)	Fuzhou	41,802.00	100%	Basement (including car parks)	92,558.00	161.79	Apr-09
3 Rongxin Spanish (融信•西班牙)	Fuzhou	59,401.00	100%	Basement (including car parks)	109,760.90	–	Sep-09
4 Broad View (融信•寬域)	Fuzhou	62,495.00	100%	Basement (including car parks)	163,238.10	164.71	May-10
5 David City (融信•大衛城)	Fuzhou	191,254.70	100%	Residential	333,080.53	1,747.63	May-13
				Commercial	8,930.21	3,326.91	
				Ancillary	23,796.02	–	
				Basement (including car parks)	64,548.26	9,686.71	
6 Lan County (融信•瀾郡)	Fuzhou	69,618.40	100%	Residential (Resettlement housing (Note 1))	193,020.52	–	Aug-14
				Ancillary	6,287.15	–	
				Basement (including car parks)	70,551.34	24,059.35	
7 The White House (融信•白宮)	Fuzhou	134,789.00	80%	Residential	261,378.32	21,358.00	Aug-17
				Commercial	2,941.52	1,808.00	
				Hotel	39,035.15	–	
				Ancillary	14,450.42	–	
				Basement (including car parks)	89,618.40	10,685.80	
8 David City (融信•平潭大衛城)	Fuzhou	111,320.48	51%	Residential	298,671.65	6,073.26	Nov-16
				Commercial	34,947.11	29,920.04	
				Ancillary	9,327.37	–	
				Basement (including car parks)	85,764.37	49,567.88	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
9	The Coast (融信 • 後海)	Fuzhou	49,959.00	100%	Residential (Resettlement housing (Note 1))	121,104.63	–	Sep-16
					Commercial	3,000.00	–	
					Ancillary	3,675.15	–	
					Basement (including car parks)	38,199.70	19,370.00	
10	The Twin Harbour City (融信 • 雙杭城)	Fuzhou	259,519.00	100%	Residential (Resettlement housing (Note 1))	725,791.00	645,180.52	Aug-18
					Commercial	117,987.37	115,670.84	
					Office	107,623.10	29,506.79	
					Ancillary	9,242.10	–	
					Basement (including car parks)	150,643.36	124,987.58	
11	The Long Island (融信 • 長島)	Fuzhou	185,196.00	100%	Residential (Resettlement housing (Note 1))	291,532.00	219,803.36	Jan-18
					Commercial (Resettlement housing (Note 1))	24,356.00	6,768.00	
					Office	17,317.10	16,693.00	
					Ancillary	20,305.86	–	
					Basement (including car parks)	94,689.59	78,592.36	
12	The Bund (平潭外灘)	Fuzhou	35,264.29	51%	Residential	116,231.20	46,340.00	Nov-19
					Office	2,191.28	1,751.00	
					Commercial	7,331.00	7,147.00	
					Basement (including car parks)	29,579.85	19,488.00	
13	"Hot Spring City" (福州溫泉城項目)	Fuzhou	1,018,836.00	50%	Residential	775,748.30	581,686.59	Dec-20
					Office	190,801.39	147,883.83	
					Hotel	49,413.78	–	
					Commercial	58,600.00	58,600.00	
					Ancillary	9,986.82	–	
					Basement (including car parks)	265,561.21	237,403.29	
14	Beyond City (世歐彼岸城)	Fuzhou	152,995.00	50%	Residential	271,376.48	–	May-11
					Commercial	7,822.00	707.41	
					Basement (including car parks)	23,417.43	789.21	
15	Riverside City (世歐上江城)	Fuzhou	82,374.70	50%	Residential	201,115.78	142.65	Apr-13
					Commercial	5,118.17	178.01	
					Basement (including car parks)	30,748.80	3,533.95	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
16	Lan Hill (世歐瀾山)	Fuzhou	48,313.00	50%	Residential	120,129.88	–	Feb-15
					Commercial	4,091.18	2,141.98	
					Ancillary	3,716.62	–	
					Basement (including car parks)	40,820.80	5,526.00	
17	Show Kingdom (世歐王莊)	Fuzhou	250,708.48	50%	Residential (Resettlement housing (Note 1))	987,019.88	38,678.26	Dec-15
					Commercial (Resettlement housing (Note 1))	143,288.08	12,398.56	
					Office	75,306.40	3,076.81	
					Ancillary	49,935.36	–	
					Basement (including car parks)	354,668.82	73,857.88	
18	Huayun Mansion (華雲山莊)	Fuzhou	161,008.40	26%	Commercial	170,529.00	170,529.00	Dec-19
					Ancillary	4,019.00	4,019.00	
					Basement (including car parks)	83,700.00	83,700.00	
19	Ocean City (融信 • 海上城)	Xiamen	151,344.19	100%	Commercial	4,335.72	–	Oct-16
					Office	252,579.04	20,727.62	
					Hotel	61,611.90	–	
					Ancillary	1,525.54	–	
					Basement (including car parks)	110,602.91	23,411.02	
20	Xiamen Bowan (廈門同安鉑灣)	Xiamen	39,715.25	100%	Residential	115,266.83	108,221.00	May-20
					Commercial	4,800.00	3,955.00	
					Ancillary	200.00	–	
					Basement (including car parks)	65,291.83	49,428.00	
21	Lan Garden (融信 • 瀾園)	Zhangzhou	56,765.70	100%	Residential	252,095.00	800.00	Dec-15
					Ancillary	11,324.00	–	
					Basement (including car parks)	58,872.00	4,641.90	
22	Festival City (融信 • 觀山海)	Zhangzhou	94,190.00	100%	Residential	202,592.43	11,000.79	Nov-16
					Commercial	6,790.83	6,326.41	
					Ancillary	1,410.36	–	
					Basement (including car parks)	66,595.34	55,251.00	
23	Future City (融信 • 未來城)	Zhangzhou	41,644.64	100%	Residential (Resettlement housing (Note 1))	109,824.00	–	Aug-16
					Commercial	4,957.00	537.69	
					Ancillary	3,777.00	–	
					Basement (including car parks)	36,866.00	27,885.10	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
24	College City (學院名築)	Zhangzhou	71,217.99	100%	Residential	135,149.00	1,533.18	Jan-18
					Commercial	3,150.00	1,974.14	
					Ancillary	4,436.00	–	
					Basement (including car parks)	38,298.24	26,272.00	
25	Zhangzhou Harbor B8 Lot (漳州港B8)	Zhangzhou	69,988.00	100%	Residential	104,569.66	48,561.04	Dec-18
					Commercial	1,205.00	646.37	
					Ancillary	6,200.00	–	
					Basement (including car parks)	31,672.64	26,272.00	
26	Imperial Villa (融信 • 鉑灣)	Shanghai	121,376.80	51%	Residential (Resettlement housing (Note 1))	121,065.68	24,040.92	Dec-16
					Commercial	6,266.36	1,101.00	
					Ancillary	815.20	–	
					Basement (including car parks)	78,055.92	42,175.40	
27	Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402單元 41-02地塊)	Shanghai	26,360.30	50%	Office	67,238.52	33,893.25	Dec-16
					Ancillary	1,038.91	–	
					Basement (including car parks)	24,307.50	23,426.94	
28	Shanghai Huacao Lot II (Kairi) (閔行區華漕鎮MHPO-1402單元 35-01地塊(愷日))	Shanghai	13,455.90	50%	Office	33,638.74	33,638.74	Dec-19
					Ancillary	613.08	–	
					Basement (including car parks)	13,974.77	13,974.77	
29	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮MHPO-1402單元 36-01地塊(愷崇))	Shanghai	10,994.90	50%	Office	27,057.41	27,057.41	Jan-18
					Ancillary	807.03	–	
					Basement (including car parks)	9,708.45	9,708.45	
30	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮MHPO-1402 單元42-01地塊(愷暢))	Shanghai	30,921.50	50%	Commercial	8,940.40	8,940.40	Jan-18
					Office	68,308.35	68,308.35	
					Ancillary	1,964.87	–	
					Basement (including car parks)	27,530.38	27,530.38	
31	Platinum (融信 • 鉑爵)	Shanghai	21,195.60	51%	Residential (Resettlement housing (Note 1))	43,895.47	41,515.00	Nov-18
					Commercial	19,690.53	18,534.00	
					Basement (including car parks)	38,218.00	30,844.30	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
32	Shanghai Jingan Zhangxin Lot (靜安中興地塊)	Shanghai	31,034.10	50%	Residential (Resettlement housing [Note 1])	98,779.00	79,764.00	Dec-20
					Commercial	10,975.40	–	
					Ancillary	4,832.00	–	
					Basement (including car parks)	35,250.00	35,250.00	
33	Shanghai Qingpu Lot (青浦36-01地)	Shanghai	36,279.00	31%	Residential (Resettlement housing [Note 1])	63,488.25	51,266.76	Dec-20
					Commercial	27,209.25	5,441.85	
					Ancillary	4,035.00	–	
					Basement (including car parks)	67,227.40	67,227.40	
34	Xinjiangwan City (新江灣城)	Shanghai	39,805.80	50%	Residential (Resettlement housing [Note 1])	59,708.70	35,825.50	Dec-20
					Ancillary	1,390.00	–	
					Basement (including car parks)	51,101.28	51,101.28	
35	Blue Peacock Phase I (杭州藍孔雀一期)	Hangzhou	28,215.00	51%	Residential	82,539.11	510.04	Sep-16
					Commercial	5,023.89	4,756.36	
					Ancillary	2,725.00	–	
					Basement (including car parks)	34,990.40	10,437.09	
36	Blue Peacock Phase II (杭州藍孔雀二期)	Hangzhou	56,521.00	51%	Residential	133,797.51	10,037.43	Dec-16
					Commercial	11,826.60	11,671.00	
					Ancillary	2,843.00	–	
					Basement (including car parks)	62,350.20	19,810.14	
37	Hangzhou Mansion (融信 • 杭州公館)	Hangzhou	45,573.99	100%	Residential (Resettlement housing [Note 1])	129,188.91	36,582.33	Sep-16
					Commercial	258.00	255.00	
					Ancillary	7,218.93	–	
					Basement (including car parks)	76,421.23	29,723.41	
38	Lan Sky 融信 • 瀾天	Hangzhou	71,488.00	51%	Residential	158,420.00	155,251.60	Dec-18
					Ancillary	1,285.00	–	
					Basement (including car parks)	84,887.00	65,988.00	
39	Yangxing Capital 融信 • 永興首府	Hangzhou	44,307.00	26%	Residential	106,960.44	104,106.62	Jun-19
					Ancillary	1,914.36	–	
					Basement (including car parks)	48,250.00	36,894.00	
40	Xiaoshan Residence 融信 • 蕭山公館	Hangzhou	41,642.00	75%	Residential	88,221.10	87,884.00	Feb-19
					Ancillary	3,221.30	–	
					Basement (including car parks)	40,375.00	31,317.00	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
41	Jingkai Project (經開地塊)	Hangzhou	42,709.00	26%	Residential	105,001.21	104,600.00	Jun-19
					Commercial	914.77	838.00	
					Ancillary	1,319.23	–	
					Basement (including car parks)	58,961.41	36,659.08	
42	Yinhe Primary School Project (銀河小學地塊)	Hangzhou	43,686.00	51%	Residential	128,810.60	124,902.00	Jul-19
					Ancillary	1,947.00	–	
					Basement (including car parks)	59,092.00	50,271.00	
43	Qinglong Project (慶隆地塊)	Hangzhou	27,845.00	51%	Residential	74,515.00	74,515.00	May-19
					Ancillary	1,055.90	–	
					Basement (including car parks)	41,500.00	41,500.00	
44	Seattle (西雅圖)	Hangzhou	62,190.00	50%	Residential	170,962.63	170,828.00	Jun-19
					Commercial	919.00	842.00	
					Ancillary	2,670.49	–	
					Basement (including car parks)	66,118.16	57,664.00	
45	Qianjiang Century City Project (錢江世紀城地塊)	Hangzhou	60,620.00	70%	Residential	166,877.90	166,877.90	Jun-19
					Commercial	450.00	450.00	
					Ancillary	2,858.10	–	
					Basement (including car parks)	74,227.00	74,227.00	
46	Nanjing Jiulonghu Project (南京九龍湖NO.2016G73地塊)	Nanjing	42,707.52	70%	Residential	180,679.92	180,679.92	Nov-20
					Commercial	74,885.24	74,885.24	
					Ancillary	807.03		
					Basement (including car parks)	94,681.00	94,681.00	
47	Kunshan Project (昆山 (2016)2–4地塊)	Suzhou	76,671.70	50%	Residential	193,783.55	190,054.08	Dec-20
					Ancillary	9,152.00	–	
					Basement (including car parks)	77,384.00	75,132.00	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
48	West Coast (融信 • 陽光城西海岸)	Fuzhou	124,827.28	50%	Residential	241,135.84	–	Dec-16
					Commercial	35,594.79	24,773.00	
					Office	59,170.04	173.00	
					Ancillary	9,717.12	–	
					Basement (including car parks)	152,497.53	62,344.79	
49	Imperial Land (一品江山)	Zhangzhou	94,291.42	50%	Residential (Resettlement housing (Note 1))	229,365.84	49,371.70	Apr-17
					Commercial	1,038.53	1,027.52	
					Ancillary	5,627.60	–	
					Basement (including car parks)	80,314.39	61,670.00	
50	French Legend (融信 • 法蘭西世家)	Shanghai	114,032.32	50%	Residential (Resettlement housing (Note 1))	114,032.32	15,271.38	Dec-16
					Ancillary	34,757.79	–	
					Basement (including car parks)	26,073.32	25,583.00	
51	Shanghai Xujing Project (徐涇鎮會展中心)	Shanghai	184,292.80	50%	Commercial	141,794.13	108,279.15	Aug-18
					Hotel	101,279.00	99,374.95	
					Office	333,964.55	231,209.24	
					Ancillary	11,382.00	–	
					Basement (including car parks)	238,546.00	238,546.00	
52	Gentle Mansion (君悦府)	Hangzhou	57,394.00	30%	Residential	120,287.10	111,867.00	Dec-18
					Commercial	1,100.00	800.00	
					Ancillary	1,822.00		
					Basement (including car parks)	44,646.00	38,048.00	
53	Hangzhou Wocheng Project (杭州臥城地塊)	Hangzhou	59,494.00	34%	Residential	139,287.72	139,287.72	Jun-19
					Commercial	1,458.28	1,458.28	
					Ancillary	1,579.00		
					Basement (including car parks)	64,921.76	64,921.76	

	Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
54	Nanjing Xianlin Project (南京仙林2016G58地塊)	Nanjing	106,002.49	39%	Residential	235,886.73	231,169.00	Jun-18
					Commercial	1,000.00	500.00	
					Ancillary	1,536.00	–	
					Basement (including car parks)	96,656.00	91,962.00	
55	Zhangzhou Wanke City	Zhangzhou	235,606.37	20%	Residential (Resettlement housing)	735,881.70	387,858.49	Dec-17
					Commercial (Resettlement housing)	32,680.55	29,890.79	
					Ancillary	7,847.16	–	
					Basement (including car parks)	263,812.02	236,311.65	
	Total:		**5,441,057.01**			**16,754,419.57**	**8,439,401.79**	
	Attributable total :		**3,396,095.19**			**10,477,361.19**	**4,826,271.35**	

Note:

(1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group’s name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed “Business — Construction of Resettlement Housing” on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the “**Prospectus**”).

SUMMARY OF OPERATING RESULTS

	For the year ended 31 December 2016	2015	Change in percentage
Contracted sales			
Contracted sales amount *(RMB'000)*	24,639,328	11,916,926	107%
Contracted gross floor area *(sq.m)*	1,403,859	648,913	116%
Average unit price of contracted sales *(RMB/sq.m)*	17,551	18,364	-4%
Property delivered			
Revenue from delivery of properties *(RMB'000)*	11,113,869	7,326,711	52%
Delivered gross floor area *(sq.m)*	772,633	589,700	31%
Recognised average selling price of properties delivered *(RMB/sq.m)*	14,384	12,424	16%
Revenue *(RMB'000)*	11,371,663	7,414,576	53%
Cost of Sales *(RMB'000)*	(9,069,848)	(4,700,368)	93%
Gross profit *(RMB'000)*	2,301,815	2,714,208	-15%
Other income *(RMB'000)*	11,666	7,320	59%
Profit before income tax *(RMB'000)*	2,569,768	2,464,038	4%
Profit for the period *(RMB'000)*	1,702,868	1,405,941	21%
— attributable to owners of the Company *(RMB'000)*	1,292,339	1,432,813	-10%
— attributable to non-controlling interests *(RMB'000)*	308,510	(26,872)	-1,248%
— attributable to holders of Perpetual Capital Instruments *(RMB'000)*	102,019	—	—
Gross profit margin(1)	20.24%	36.61%	-16%
Net profit margin(2)	14.97%	18.96%	-4%
Interest coverage ratio(3)	2.22 times	2.23 times	1%

	As at 31 December 2016	2015	Change in percentage
Total assets *(RMB'000)*	98,906,916	34,796,870	184%
Total liabilities *(RMB'000)*	75,817,594	29,724,138	155%
Total equity *(RMB'000)*	23,089,322	5,072,732	355%
Capital and reserve attributable to owners of the Company *(RMB'000)*	7,470,518	4,302,522	74%
Current ratio(4)	2.10 times	1.35 times	55%
Gearing ratio(5)	98%	247%	-60%

Notes:

(1) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.

(2) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.

(3) The calculation of interest coverage ratio is based on (i) profit before income tax plus interest of bank and other borrowings less finance income and divided by (ii) interest of bank and other borrowings less finance income.

(4) The calculation of current ratio is based on current assets divided by current liabilities.

(5) The calculation of gearing ratio is based on total borrowings less restricted cash, cash and cash equivalents and term deposits divided by total equity.

PROPERTY DEVELOPMENT

Contracted Sales

For the year ended 31 December 2016, the Group achieved contracted sales of RMB24,639.33 million, representing a growth of approximately 107% compared with RMB11,916.93 million for the year ended 31 December 2015. This increase was mainly attributable to the increase in the total gross floor area ("**GFA**") of the Group's contracted sales by approximately 116% from 648,913 sq.m for the year ended 31 December 2015 to 1,403,859 sq.m for the year ended 31 December 2016.

The amount of the Group's contracted sales in Shanghai, Hangzhou, Fuzhou, Xiamen and Zhangzhou accounted for (i) approximately 9.19%, 33.51%, 36.16%, 6.30% and 14.84% of the Group's total contracted sales amount for the year ended 31 December 2016, respectively, and (ii) approximately 4.75%, 16.03%, 47.15%, 4.74% and 27.33% of the Group's total GFA of contracted sales for the year ended 31 December 2016, respectively. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2016.

	Amount (RMB million)	Percentage (%)	GFA (sq.m)	Percentage (%)	Average selling price (RMB/sq.m)
Shanghai	2,263.58	9.19	66,723	4.75	33,925
Hangzhou	8,257.08	33.51	224,981	16.03	36,701
Fuzhou	8,909.63	36.16	661,964	47.15	13,459
Xiamen	1,551.60	6.30	66,568	4.74	23,309
Zhangzhou	3,657.44	14.84	383,623	27.33	9,534
Total	**24,639.33**	**100.00**	**1,403,859**	**100.00**	**17,551**

Projects completed

For the year ended 31 December 2016, the Group and its joint ventures had completed a total of 11 projects or phases of projects, with total GFA of 1,987,877 sq.m. (1,297,726 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Projects under construction

As at 31 December 2016, the Group and its associated company and joint ventures had a total of 29 projects or phases of projects under construction, with total planned GFA of 7,461,467 sq.m. (4,263,966 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Land reserve

During the year ended 31 December 2016, there were a total of 21 newly acquired land parcels with a total GFA of 5,271,244 sq.m. (2,612,276 sq.m., after taking into account the interests of the owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB12,963 per sq.m..

The following table sets forth details of the Group's newly acquired land parcels during the year ended 31 December 2016:

City	Project name	Date of acquisition	Site area (sq.m)	Total GFA (sq.m)	Total GFA of the owners of the Company interested (sq.m)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m)
Hangzhou	Legend Mansion (君悦府)	21 January 2016	57,394.00	167,855.10	50,357	673.00	201.90	5,863
Fuzhou	The Bund (平潭外灘)	3 February 2016	35,264.29	155,333.33	79,200	176.50	90.02	1,430
Hangzhou	Yongxing Capital (融信 • 永興首府)	23 February 2016	44,307.00	157,124.80	40,868	1,390.00	361.54	13,076
Hangzhou	Lan Sky (融信 • 瀾天)	17 February 2016	71,488.00	244,592.00	124,742	912.00	465.12	5,739
Shanghai	Platinum (融信鉑爵)	25 February 2016	21,195.60	103,055.00	52,558	980.00	499.80	15,409
Fuzhou	Hot Spring City (福州溫泉城項目)	21 March 2016	1,018,836.00	1,362,219.56	681,110	1,746.00	873.00	1,610
Hangzhou	Xiaoshan Residence (融信 • 蕭山公館)	5 April 2016	41,642.00	131,817.40	98,876	1,700.00	1,275.17	18,559
Hangzhou	Seattle (西雅圖)	12 May 2016	62,190.00	240,670.28	120,335	2,595.00	1,297.5	14,905
Hangzhou	Qinglong Project (慶隆地塊)	20 May 2016	27,845.00	117,070.90	59,706	2,361.00	1,204.11	31,404
Xiamen	Xiamen Bowan (廈門同安鉑灣)	3 June 2016	39,715.25	185,558.66	185,558	2,634.00	2,634.00	23,207
Hangzhou	Jingkai Project (經開地塊)	15 June 2016	42,709.00	166,196.62	43,211	1,709.00	444.34	16,002
Hangzhou	Yinhe Primary School Project (銀河小學地塊)	20 June 2016	43,686.00	189,849.60	96,823	1,812.00	924.12	13,822
Hangzhou	Hangzhou Wocheng Project (杭州臥城地塊)	4 July 2016	59,494.00	207,246.76	70,464	732.10	248.91	5,113
Hangzhou	Qianjiang Century City Project (錢江世紀城地塊)	6 July 2016	60,620.00	244,413.00	171,089	3,264.00	2,284.80	19,230
Kunshan	Kunshan Project (昆山(2016) 2–4地塊)	15 July 2016	76,671.70	280,319.55	140,160	2,703.44	1,351.72	13,573
Shanghai	Xinjiangwan City (新江灣城)	29 July 2016	39,805.80	61,098.70	30,549	3,155.00	1,577.50	52,840
Shanghai	Shanghai Qingpu Lot (青浦36-01地塊)	3 August 2016	36,279.00	161,959.90	49,404	1,960.00	597.88	21,610
Fuzhou	Huayun Mansion (華雲山莊)	16 August 2016	161,008.40	258,248.00	65,853	576.01	146.88	3,300
Shanghai	Shanghai Jingan Zhongxin Lot (靜安中興地塊)	17 August 2016	31,034.10	149,836.40	74,918	11,010.00	5,505.00	100,091
Nangjing	Nanjing Xianlin Project (南京仙林2016G58地塊)	23 September 2016	106,002.49	335,078.73	130,284	5,820.00	2,262.90	24,957
Nangjing	Nanjing Jiulonghu Project (南京九龍湖NO.2016G73地塊)	17 November 2016	42,707.52	351,699.72	246,190	537.00	375.90	2,515
Total			2,119,895.15	5,271,244.01	2,612,276	48,446.05	24,622.11	12,963

As at 31 December 2016, the total GFA of the Group's land reserve was approximately 10.58 million sq.m, among which, approximately 7.46 million sq.m were under construction, and approximately 3.12 million sq.m were held for future development.

As at 31 December 2016, the cost per sq.m of the Group's land reserve was RMB8,650, of which, approximately 81.16% was located in the prime area in the first-tier and second-tier cities in the People's Republic of China (the "**PRC**"). The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future profitability.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 31 December 2016:

Region	Name of project	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m)	Average cost per sq.m (RMB/sq.m)
Shanghai	Shanghai Xujing Project (Kaitai) (徐涇鎮會展中心3地塊(凱泰))	217,585.16	39.14	8,539
	Shanghai Huacao Lot II (Kairi)(閔行區華漕鎮MHPO-1402單元35-01地塊(愷日))	10,110.00	2.41	6,018(1)
	Shanghai Huacao Lot III (Kaichong) (閔行區華漕鎮 MHPO-1402單元36-01地塊(愷崇))	4,192.50	0.94	6,098(1)
	Shanghai Huacao Lot IV (Kaichang) (閔行區華漕鎮 MHPO-1402單元42-01地塊(愷暢))	23,580.00	5.34	6,101(1)
	Platinum (融信 • 鉑爵)	49,980.00	5.26	15,409
	Xinjiangwan City (新江灣城)	157,750.00	3.05	52,840
	Shanghai Qingpu Lot (青浦36-01地塊)	59,788.04	4.94	21,610
	Shanghai Jingan Zhongxin Lot (靜安中興地塊)	550,500.00	7.49	100,091
Hangzhou	Blue Peacock Phase 1 (杭州藍孔雀一期)	64,260.00	6.39	13,953
	Blue Peacock Phase 2 (杭州藍孔雀二期)	112,200.00	10.75	14,966
	Hangzhou Normal University Project (杭州師大地塊)	338,437.00	22.91	25,717
	Gentle Mansion (君悅府)	20,190.00	5.04	5,863
	Lan Sky (融信 • 瀾天)	46,512.00	12.47	5,739
	Yongxing Capital (融信 • 永興首府)	36,153.90	4.09	13,076

Region	Name of project	Total land value (RMB'0,000)	Total GFA of reserve (10,000 sq.m)	Average cost per sq.m (RMB/sq.m)
	Xiaoshan Residence (融信 • 蕭山公館)	127,517.00	9.89	18,559
	Seattle 西雅圖	129,750.00	12.98	14,905
	Jingkai Project (經開地塊)	44,434.00	4.32	16,002
	Yinhe Primary School Project (銀河小學地塊)	92,412.00	9.68	13,822
	Hangzhou Wocheng Project (杭州臥城地塊)	24,891.00	7.05	5,113
	Qianjiang Century City Project (錢江世紀城地塊)	228,480.00	17.11	19,230
	Qinglong Project (慶隆地塊)	120,411.00	5.97	31,404
Fuzhou	The Twin Harbor City (融信 • 雙杭城)	562,000.00	111.13	6,065
	The White House (融信 • 白宮)	10,668.81	3.51	3,584
	Pingtan David City (融信 • 平潭大衛城)	14,940.84	8.26	2,341
	The Long Island (融信 • 長島)	130,000.00	44.82	2,437
	The Bund (平潭外灘)	9,001.50	7.92	1,430
	Hot Spring City (福州溫泉城項目)	87,300.00	65.98	1,610[1]
	Huayun Mansion (華雲山莊)	14,688.14	6.59	3,300
Xiamen	Xiamen Bowan (廈門同安鉑灣)	263,400.00	18.56	23,207
Zhangzhou	Future City (融信 • 未來城)	30,000.00	16.04	2,573
	Festival City (融信 • 觀山海：漳州港又一城)	31,951.00	13.97	1,549
	Imperial Land (一品江山：海融一號作品)	26,000.00	15.82	2,206
	Zhangzhou Wanke City (漳州萬科城)	30,080.00	20.80	1,773
	College City (漳州港B6：學院名築)	57,800.00	18.10	4,059
	Zhangzhou Harbor B8 Lot (漳州港B8：半山雅墅)	51,800.00	14.36	4,868
Nanjing	Nanjing Xianlin Project (南京仙林2016G58地塊)	226,290.33	13.03	24,957
	Nanjing Jiulonghu Project (南京九龍湖NO.2016G73地塊)	37,590.00	24.62	2,515
Kunshan	Kunshan Project (昆山(2016)2–4地塊)	135,172.21	14.02	13,573
Total		4,177,816.43	614.74	8,650

Note:

(1) This represents the original land costs of these projects only, and did not reflect the fair value increase that had been recognised upon acquisitions or consolidations by the Group during the year ended 31 December 2016.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 53% from RMB7,414.58 million for the year ended 31 December 2015 to RMB11,371.66 million for the year ended 31 December 2016. The Group derived its revenue primarily from (i) the sales of properties in the PRC; (ii) certain construction contracts with local PRC governments with respect to the construction of resettlement housing and (iii) the rental income generated from the lease of investment properties.

The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the year ended 31 December		Change in percentage
	2016 RMB'000	2015 RMB'000	
Revenue			
Sales of properties	11,113,869	7,326,711	52%
Construction contracts[1]	178,290	87,865	103%
Rental income and others[2]	79,504	—	N/A
Total	**11,371,663**	**7,414,576**	**53%**

Notes:

(1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the Prospectus.

(2) The Group generated rental income from a shopping mall held by Fuzhou Shiou Property Development Company Limited ("**Shiou Property**", together with its subsidiaries, the "**Shiou Group**").

The revenue of the Group increased by approximately 53% from RMB7,414.6 million for the year ended 31 December 2015 to RMB11,371.7 million for the year ended 31 December 2016. This increase was mainly attributable to:

(i) the increase in the total GFA of properties delivered by the Group by approximately 31% from 589,700 sq.m for the year ended 31 December 2015 to 772,633 sq.m for the year ended 31 December 2016;

(ii) the increase in the recognised average selling price of properties delivered by the Group by approximately 16% from RMB12,424 per sq.m for the year ended 31 December 2015 to RMB14,384 per sq.m for the year ended 31 December 2016;

(iii) the increase in revenue generated from construction contracts by approximately 102.8% from RMB87.9 million for the year ended 31 December 2015 to RMB178.3 million for the year ended 31 December 2016; and

(iv) the recognition of a rental income of RMB77.22 million for the year ended 31 December 2016, which income was generated from a shopping mall held by Shiou Group.

Revenue generated from the sales of properties amounted to RMB11,113.87 million for the year ended 31 December 2016. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the year ended 31 December 2016:

	For the year ended 31 December					
	2016			2015		
	Revenue (RMB million)	GFA delivered by the Group (sq.m)	Average selling price (RMB/sq.m)	Revenue (RMB million)	GFA delivered by the Group (sq.m)	Average selling price (RMB/sq.m)
Shanghai	2,671	114,940	23,236	—	—	—
Fuzhou	5,983	475,150	12,591	1,731	116,830	14,820
Xiamen	1,628	75,332	21,593	3,158	183,435	17,217
Zhangzhou	834	107,211	7,779	2,437	289,435	8,420
Total	**11,114**	**772,633**	**14,384**	**7,327**	**589,700**	**12,424**

Cost of sales

The Group's cost of sales increased by approximately 92.96% from RMB4,700.4 million for the year ended 31 December 2015 to RMB9,069.8 million for the year ended 31 December 2016. This increase was mainly attributable to the increase in the number of properties sold by the Group during the year ended 31 December 2016.

The following table sets forth the details of the Group's cost of sales for the period indicated:

	For the year ended 31 December		
	2016 RMB'000	2015 RMB'000	Change in percentage
Cost of sales			
Cost of properties sold	8,890,362	4,616,208	92.59%
Cost of construction contracts	169,147	84,160	100.98%
Cost of rental income and others	10,332	—	N/A
Total	**9,069,848**	**4,700,368**	**92.96%**

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decreased by approximately 15% from RMB2,714.2 million for the year ended 31 December 2015 to RMB2,301.8 million for the year ended 31 December 2016.

The Group's gross profit margin decreased from 36.6% for the year ended 31 December 2015 to 20.2% for the year ended 31 December 2016, primarily because the Group delivered proportionally more properties at comparatively lower profit margins in 2016 as compared to the properties which the Group delivered in 2015.

Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) office and travel expenses; (iv) property management fees; and (v) others costs including vehicle use fee, depreciation, amortisation and other miscellaneous fees and expenses.

The Group's selling and marketing costs increased by approximately 19.59% from RMB395.8 million for the year ended 31 December 2015 to RMB473.4 million for the year ended 31 December 2016, primarily due to increases in marketing expenses and the number of the sales staff of the Group as a result of increased sales activities.

Administrative expenses

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) other taxes; (iii) listing expenses; (iv) office and travel expenses; (v) entertainment expenses; (vi) audit fees; (vii) office lease expenses; (viii) depreciation and amortisation; and (xi) others.

The Group's administrative expenses increased by approximately 75% from RMB273.0 million for the year ended 31 December 2015 to RMB477.9 million for the year ended 31 December 2016, mainly attributable to (i) increases in the number of administrative staff due to the increase in the number of new projects and project under construction of the Group and (ii) the significant increase in donation by approximately 783% from RMB12.7 million for the year ended 31 December 2015 to RMB112.2 million for the year ended 31 December 2016.

Fair value gains on the re-measurement of joint ventures

Due to the consolidation of the financial results of Shiou Group and certain joint ventures with Greenland Property Group Company Limited ("**Greenland Group**") for the property development projects in Huacao, Minhang District, Shanghai, namely Shanghai Kaiyu Property Development Co., Ltd ("**Shanghai Kaiyu**"), Shanghai Kairi Property Development Co., Ltd. ("**Shanghai Kairi**"), Shanghai Kaichang Property Development Co., Ltd. ("**Shanghai Kaichang**") and Shanghai Kaichong Property Development Co., Ltd. ("**Shanghai Kaichong**", together with Shanghai Kaiyu, Shanghai Kairi and Shanghai Kaichang, the "**Huacao Joint Ventures**"), the Group recorded a fair value gains on the re-measurement of joint ventures of RMB278.1 million. The following table sets forth the breakdown of these fair value gains for the year ended 31 December 2016:

	For the year ended 31 December 2016 (RMB'000)
Shiou Group	201,810
Huacao Joint Venture	76,264
	278,074

For further details, please refer to the paragraph headed " — Consolidation of the financial results of certain joint ventures" below.

Fair value gains on investment properties

The fair value gains on investment properties for the year ended 31 December 2016 mainly attributable to the investment properties of Shiou Group and Shanghai Kaiyu amounted to RMB169.0 million and RMB192.0 million, respectively.

Other income

The Group's other income primarily includes (i) gains from certain cash management products; and (ii) deposits forfeited from some of the Group's prospective customers who breached the relevant property purchase agreements. The Group's other income increased from RMB7.3 million for the year ended 31 December 2015 to RMB11.7 million for the year ended 31 December 2016.

Operating profit

The Group's operating profit for the year of 2016 remained relatively stable and amounted to approximately RMB2,001.3 million (2015: approximately RMB2,052.7 million).

Finance income/(cost), net

Finance income primarily consists of interest income from bank deposits and foreign exchange gains. The Group recorded a net finance income of RMB125.4 million for the year ended 31 December 2016, compare to a net finance costs of RMB11.2 million for the year ended 31 December 2015 primarily due to (i) increases in interest income generated from the bank deposits of the Group; (ii) increases in foreign exchange gains; and (iii) decrease on the finance costs resulting from the decrease of finance costs on derecognition of amounts due from joint ventures and an associate.

Profit before income tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax increased by approximately 4.3% from RMB2,464.0 million for the year ended 31 December 2015 to RMB2,569.8 million for the year ended 31 December 2016.

Income tax expenses

The Group's income tax expenses comprise provisions made for corporate income tax ("**CIT**") (including deferred income tax) and land appreciation tax ("**LAT**") in the PRC.

The Group's income tax expenses decreased by approximately 18% from RMB1,058.1 million for the year ended 31 December 2015 to RMB866.9 million for the year ended 31 December 2016. Specifically, CIT (including deferred income tax) increased by approximately 13.8% from RMB395.0 million for the year ended 31 December 2015 to RMB449.4 million for the year ended 31 December 2016, and LAT decreased by approximately 37.0% from RMB663.1 million for the year ended 31 December 2015 to RMB417.5 million for the year ended 31 December 2016.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 13 January 2016, the Company issued 337,500,000 shares at an offer price of HK$5.36 per share on the Stock Exchange by global offering. On 28 January 2016, the Company further issued 2,348,000 shares pursuant to the partial exercise of the over-allotment option at an offer price of HK$5.36 per share. Upon completion of the global offering, the Company raised net proceeds of approximately HK$1,780 million.

The Group did not utilise any portion of the net proceeds as at the date of this annual report. The net proceeds are currently held in bank deposits and it is intended that they will be applied in the manner consistent with the proposed allocations in the Prospectus.

FINANCING ACTIVITIES

Issuance of Senior Notes

On 8 December 2016, the Company issued senior notes in the aggregated principal amount of US$175,000,000 due in 2019 (the "**Original Senior Notes**") on Singapore Exchange Securities Trading Limited, with an interest rate of 6.95% per annum payable semi-annually in arrears. Subsequently on 14 February 2017, the Company issued additional notes in the aggregate principal amount of US$225,000,000 (to be consolidated and form a single series with the Original Senior Notes) (the "**Additional Senior Notes**"). The maturity date of the Additional Senior Notes (the "**Maturity Date**") is 8 December 2019. At any time and from time to time before the Maturity Date, the Company may at its option redeem the Additional Senior Notes, at a pre-determined redemption price.

The Group did not utilise any portion of the net proceeds from the issuance of the Additional Senior Notes as at the date of this annual report. The net proceeds are currently held in bank deposits and it is intended that they will be applied in the manner consistent with the proposed allocations in the offering memorandum. For more details, please refer to the announcements of the Company dated 2 December 2016 and 15 February 2017 and the relevant offering memorandum.

Issuance of Public and Private Corporate Bonds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange

During the year under review, Rongxin Group, a wholly-owned subsidiary of the Company, issued the following bonds based on the approvals it obtained (i) for the public issuance of corporate bonds on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB2.5 billion (the "**Shanghai Public Corporate Bonds**"); (ii) for the private placement of corporate bonds on the Shenzhen Stock Exchange in an aggregate principal amount of up to RMB3.5 billion (the "**Shenzhen Private Corporate Bonds**"); and (iii) for the private placement of corporate bonds on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB5.0 billion (the "**Shanghai Private Corporate Bonds**", together with Shanghai Public Corporate Bonds and Shenzhen Private Corporate Bonds, the "**Domestic Corporate Bonds**"):

(a) on 19 January 2016, Rongxin Group issued the second tranche of the Shanghai Public Corporate Bonds in an aggregate principal amount of RMB1.3 billion with a 5-year term at a coupon rate of 6.2% per annum. At the maturity of third year, Rongxin Group has an option to adjust the coupon rate, and investors can exercise retractable option;

(b) on 26 January 2016, Rongxin Group issued the first tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB3.1 billion with an initial 2-year term at a coupon rate of 7.89% per annum. At the maturity of the second year, the investors have a right to extend the maturity date of the bonds for another two years;

(c) on 18 February 2016, Rongxin Group issued the second tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB0.4 billion with an initial 2-year term at a coupon rate of 7.6% per annum. At the maturity of the second year, the investors have a right to extend the maturity date of the bonds for a further two years;

(d) on 21 March 2016, Rongxin Group issued the first tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB0.5 billion with a 3-year term at a coupon rate of 7.5% per annum. At the maturity of the second year, Rongxin Group has a right to adjust the interest rate of the outstanding bonds, and the bond subscriber has a right to sell all or any part of the outstanding bonds to Rongxin Group at the nominal value;

(e) on 29 April 2016, Rongxin Group issued the second tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB0.55 billion with a 3-year term at a coupon rate of 7.4% per annum. At the maturity of the second year, the investors have a right to request Rongxin Group to early redeem the second tranche of the Shanghai Private Corporate Bonds;

(f) on 24 June 2016, Rongxin Group issued the third tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB1.05 billion with a 3-year term at a coupon rate of 7.52% per annum; and

(g) on 29 July 2016, Rongxin Group issued the fourth tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB2.9 billion with a 3-year term at a coupon rate of 5.8% per annum. At the maturity of the second year, the investors have a right to request Rongxin Group to early redeem the fourth tranche of the Shanghai Private Corporate Bonds.

The proceeds from the above issue of Domestic Corporate Bonds have been used to refinance the Group's existing indebtedness.

As at the date of this annual report, no unissued amounts of the approved amounts of the Domestic Corporate Bonds were outstanding. For further details, please refer to the section headed "Summary and Highlights — Recent Developments — Developments in our Business" in the Prospectus and the announcements of the Company dated 15 January 2016, 17 January 2016, 19 January 2016, 25 January 2016, 26 January 2016, 17 February 2016, 18 February 2016, 18 March 2016, 21 March 2016, 29 April 2016, 24 June 2016 and 29 July 2016.

Issuance of Asset-backed Securities

On 8 July 2016, Rongxin Group issued asset-backed securities in three tranches on the Shanghai Stock Exchange with a principal amount of RMB880.0 million (the "**Asset-backed Securities**"). These securities were backed by the accounts receivable for the balance payment of properties sold by the Group. The proceeds from the issue of the Assets-backed Securities are expected to be used for general working capital of the Group. For further details, please refer to the announcement of the Company dated 8 July 2016.

Issuance of Perpetual Capital Instruments

The Issuing Amounts and the Holders of the Perpetual Capital Instruments

As at 31 December 2016, four perpetual capital instruments (collectively, the "**Perpetual Capital Instruments**") with an aggregated amount of RMB3,200 million were issued by the subsidiaries of the Company pursuant to the following agreements:

(i) the entrusted fund agreement dated 30 March 2016 and entered into between a securities company in the PRC (the "**Securities Company**"), as investor, Shanghai Qianpo Investment Advisory Company Limited, a wholly-owned subsidiary of the Company incorporated in the PRC ("**Shanghai Qianpo**"), as investee, and a licensed bank in Nanchong City, Sichuan Province ("**Nanchong Bank**"), as entrusted bank (the "**First Entrusted Fund Agreement**") pursuant to which the Securities Company entrusted Nanchong Bank to extend an advancement of up to RMB2,000 million to Shanghai Qianpo. As at 31 December 2016, the Securities Company advanced an aggregate of RMB200 million to Shanghai Qianpo through this arrangement;

(ii) the entrusted fund agreement dated 27 May 2016 and entered into between an asset management company in the PRC (the "**Asset Management Company**"), as investor, Rongxin Group, as investee, and a licensed bank in Shenzhen ("**Shenzhen Bank**") as entrusted bank (the "**Second Entrusted Fund Agreement**") pursuant to which the Asset Management Company entrusted Shenzhen Bank to extend an advancement of up to RMB1,000 million to Rongxin Group. As at 31 December 2016, the Asset Management Company advanced RMB1,000 million to Rongxin Group through this arrangement;

(iii) the trust fund agreement dated 27 June 2016 and entered into between a trust company in the PRC (the "**Trust Company**"), as investor, and Hemei (Shanghai) Property Development Company Limited, a non wholly-owned subsidiary of the Company incorporated in the PRC (**"Hemei Shanghai Property**"), as investee (the "**Trust Fund Agreement**") pursuant to which the Trust Company agreed to extend an advancement of up to RMB500 million to Hemei Shanghai Property. As at 31 December 2016, the Trust Company advanced RMB500 million to Hemei Shanghai Property through this arrangement; and

(iv) the entrusted fund agreement dated 2 December 2016 and entered into between the Asset Management Company, as investor, Rongxin Group, as investee, and the Shenzhen Bank, as entrusted bank (the "**Third Entrusted Fund Agreement**") pursuant to which the Asset Management Company entrusted Shenzhen Bank to extend an advancement of up to RMB1,500 million to Rongxin Group. As at 31 December 2016, the Asset Management Company advanced RMB1,500 million to Rongxin Group through this arrangement.

Major Terms and Agreement Nature

(A) First Entrusted Fund Agreement

Set forth below are the major terms of the First Entrusted Fund Agreement:

(1) Shanghai Qianpo has no mandatory repayment obligations

Pursuant to the First Entrusted Fund Agreement, the advancements made by the Securities Company do not have a fixed repayment term or maturity date, and Shanghai Qianpo has no mandatory obligations to repay the advancements and any accumulated interests to the Securities Company unless (i) a liquidation proceeding is commenced against Shanghai Qianpo; or (ii) Shanghai Qianpo fails to settle any accumulated interests which are due for payment pursuant to the terms of the First Entrusted Fund Agreement as summarised in point (3) below.

(2) Fund repayment

Shanghai Qianpo is entitled, but without the mandatory obligation, to declare that all or a portion of the advancements become mature upon serving 10 day prior notice to the Securities Company, and thereafter repays the relevant amounts. Such declaration can be made every year or every three months after the date of advancement or such other dates as mutually agreed between Shanghai Qianpo and the Securities Company.

(3) Interests

The advancement made under the First Entrusted Fund Agreement bears an interest rate of 4.35% per annum for the first year, 4.75% per annum for the second to fourth years, and 4.95% per annum for the fifth year and thereafter. Accumulated interests will be payable by Shanghai Qianpo to the Securities Company when Shanghai Qianpo declares dividends to its shareholders. If no dividend is declared in the relevant year, the relevant interest payments can be deferred and accumulated pursuant to the First Entrusted Fund Agreement and be paid to the Securities Company at the time when Shanghai Qianpo next declares dividends thereafter.

(4) *Use of proceeds*

The relevant advancements shall be used for the general working capital of Shanghai Qianpo.

(B) Second Entrusted Fund Agreement

(1) *Rongxin Group has no mandatory repayment obligations*

Pursuant to the Second Entrusted Fund Agreement, the advancements made by the Asset Management Company do not have a fixed repayment term or maturity date, and Rongxin Group has no mandatory obligations to repay the advancements and any accumulated interests to the Asset Management Company unless (i) a liquidation proceeding is commenced against Rongxin Group; or (ii) Rongxin Group fails to settle any accumulated interests which are due for payment pursuant to the terms of the Second Entrusted Fund Agreement as summarised in point (3) below.

(2) *Fund repayment*

If Rongxin Group intends to make repayment within the first six months after the relevant advancements, Rongxin Group shall obtain consent from the Asset Management Company in advance or Rongxin Group is required to pay the relevant interests for the first six months. If the repayment is made beyond six months after the relevant advancements, Rongxin Group shall give one month prior notice to the Asset Management Company. The relevant repayments shall be a multiple of RMB10 million, and shall be paid together with the relevant outstanding interest payments.

(3) *Interests*

The advancement made by the Asset Management Company under the Second Entrusted Fund Agreement bears an interest rate of 9.5% per annum for the first two years and 19.0% per annum thereafter. Accumulated interests will be payable by Rongxin Group to the Asset Management Company when the Company and/or Rongxin Group declare dividends to their respective shareholders. If no dividend is declared in the relevant year, the interest rate applicable to that year will be increased by 50% (up to a maximum cap of 19.0% per annum) and the relevant interests can be deferred and accumulated pursuant to the Second Entrusted Fund Agreement, and be paid to the Asset Management Company at the time when the Company and/or Rongxin Group next declare dividends thereafter.

(4) *Use of proceeds*

The relevant advancements shall be used for the development of three property development projects of the Group in Fuzhou, namely The Twin Harbour City (融信•雙杭城), The Coast (融信•後海) and The White House (融信•白宮).

(C) *Trust Fund Agreement*

(1) *Hemei Shanghai Property has no mandatory repayment obligations*

Pursuant to the Trust Fund Agreement, the advancements made by the Trust Company do not have a fixed repayment term or maturity date, and Hemei Shanghai Property has no mandatory obligations to repay the advancements and any accumulated interests to the Trust Company until a liquidation proceeding is commenced against Hemei Shanghai Property.

(2) *Fund repayment*

If Hemei Shanghai Property intends to make repayment within the first 12 months after the relevant advancements, Hemei Shanghai Property shall obtain consent from the Trust Company in advance. If the repayment is made beyond 12 months after the relevant advancements, Hemei Shanghai Property shall give one month prior notice to the Trust Company.

(3) *Interests*

The advancements made under the Trust Fund Agreement bear an interest rate of 7.44% per annum for the first year, 12.14% per annum for the second year, and 15.14% per annum for the third year and thereafter. Hemei Shanghai Property shall pay the relevant interests to the Trust Company when the Company and/or Hemei Shanghai Property declare dividends to their respective shareholders. If no dividend is declared in the relevant year, the relevant interest payments can be deferred and accumulated pursuant to the Third Fund Agreement, and be paid to the Trust Company at the time when the Company and/or Hemei Shanghai Property next declare dividends thereafter.

(4) *Use of proceeds*

The relevant advancements shall be used for the development of a property development project of the Group in Shanghai, namely Imperial Villa (融信•鉑灣).

(D) Third Entrusted Fund Agreement

(1) Rongxin Group has no mandatory repayment obligations

Pursuant to the Third Entrusted Fund Agreement, the advancements made by the Asset Management Company do not have a fixed repayment term or maturity date, and Rongxin Group has no mandatory obligations to repay the advancements and any accumulated interests to the Asset Management Company unless (i) a liquidation proceeding is commenced against Rongxin Group; or (ii) Rongxin Group fails to settle any accumulated interests which are due for payment pursuant to the terms of the Third Entrusted Fund Agreement as summarised in point (3) below.

(2) Fund repayment

If Rongxin Group intends to make repayment within the first six months after the relevant advancements, Rongxin Group shall obtain consent from the Asset Management Company in advance or Rongxin Group is required to pay the relevant interests for the first six months. If the repayment is made beyond six months after the relevant advancements, Rongxin Group shall give one month prior notice to the Asset Management Company. The relevant repayments shall be a multiple of RMB10 million, and shall be paid together with the relevant outstanding interest payments.

(3) Interests

The advancement made by the Asset Management Company under the Third Entrusted Fund Agreement bears an interest rate of 8.0% per annum for the first two years and 16.0% per annum thereafter. Accumulated interests will be payable by Rongxin Group to the Asset Management Company when the Company and/or Rongxin Group declare dividends to their respective shareholders. If no dividend is declared in the relevant year, the interest rate applicable to that year will be increased by 50% (up to a maximum cap of 16.0% per annum) and the relevant interests can be deferred and accumulated pursuant to the Third Entrusted Fund Agreement, and be paid to the Asset Management Company at the time when the Company and/or Rongxin Group next declare dividends thereafter.

(4) Use of proceeds

The relevant advancements shall be used for the development of the property development projects of the Group.

Comparison Between the Perpetual Capital Instruments and the Company's Ordinary Shares

The table below sets forth a comparison between the Company's ordinary shares and the Perpetual Capital Instruments pursuant to the First Entrusted Fund Agreement, the Second Entrusted Fund Agreement, the Trust Fund Agreement and the Third Entrusted Fund Agreement:

	Ordinary shares	Perpetual capital instruments
Voting rights	All Shareholders enjoy voting rights pursuant to the Company's articles of association	Holders of Perpetual Capital Instruments are not entitled to voting rights
Rights and rank to dividends/ coupons	All Shareholders are entitled to declared dividend payments	Holders of Perpetual Capital Instruments are not entitled to dividend payments but are entitled to accumulated unpaid interests when the Company and/or the relevant investees declare dividends
Profit entitlement	All Shareholders are entitled to share the profit of the Group through dividend distribution of the Group	Holders of Perpetual Capital Instruments are not entitled to share the profit of the Group but are entitled to accumulated unpaid interests when the Company and/ or the relevant investees declare dividends
Ranking on distribution on liquidation	All Shareholders are ranked pari passu	In the event of liquidation of the Company or the relevant investees, holders of the Perpetual Capital Instruments have priority over the Shareholders for the settlement of outstanding advancements and accumulated interests pursuant to the relevant agreement
Winding-up or dissolution of the Company	All Shareholders are ranked pari passu	In the event of winding up or dissolution of the Company or the relevant investees, holders of Perpetual Capital Instruments have priority over the Shareholders for the settlement of outstanding advancements and accumulated interests pursuant to the relevant agreement

Pursuant to the terms of the Perpetual Capital Instruments, the relevant advancements received by the Group do not have a fixed repayment term or maturity date. The relevant fund repayment and interest payment can be deferred at the discretion of either the relevant investee or the Company. The Directors therefore classified the advancements as perpetual capital instruments.

Each of the Securities Company, the Asset Management Company and the Trust Company is the holder of the respective Perpetual Capital Instruments. To the best of the knowledge, information and belief of the Directors, upon reasonable enquiries having made, each of the Securities Company, the Asset Management Company and the Trust Company is independent to the Company and its connected persons.

Future plan of the Perpetual Capital Instruments

As at the date of this annual report, the Company does not have any intention to (i) repay all or any part of the advancements received under the Perpetual Capital Instruments; and (ii) issue any new perpetual capital instrument.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group's net current assets amounted to RMB46,760.9 million (2015: RMB7,939.4 million). Specifically, the Group's total current assets increased by approximately 190.9% from RMB30,737.4 million as at 31 December 2015 to RMB89,415.3 million as at 31 December 2016. The Group's total current liabilities increased by approximately 87.1% from RMB22,798.1 million as at 31 December 2015 to RMB42,654.3 million as at 31 December 2016. The increase in the Group's total current assets was primarily attributable to (i) the increases in bidding deposits and prepayments for acquisition of land use rights by approximately 2,227.7% from RMB1,243.2 million as at 31 December 2015 to RMB28,938.0 million as at 31 December 2016 due to the acquisition of 14 land parcels located in first-tier and second-tier cities including Shanghai, Nanjing, Suzhou, Hangzhou, Fuzhou and Xiamen; and (ii) the increases in total completed properties held for sale and properties under development by approximately 59.0% from RMB24,640.3 million as at 31 December 2015 to RMB39,187.5 million as at 31 December 2016; and (iii) the increases in total cash and cash equivalents, restricted cash and term deposits by 319.7% from RMB3,838.7 million as at 31 December 2015 to RMB16,109.8 million as at 31 December 2016.

As at 31 December 2016, the Group had bank deposits (including term deposits, restricted cash, and cash and cash equivalents) of RMB16,749.8 million (2015: RMB3,838.7 million), total borrowings of RMB39,417.3 million (2015: RMB16,372.6 million) and a weighted average effective interest rate for outstanding borrowings of approximately 6.8% (including bank borrowings, trust and other borrowings, the Domestic Corporate Bonds, the Additional Senior Note and the Asset-backed Securities) (2015: approximately 10.5%).

As at 31 December 2016, the aggregated issued amount of the Domestic Corporate Bonds was RMB10,861.2 million, representing approximately 27.6% of the total borrowings of the Group.

PLEDGE OF ASSETS

As at 31 December 2016, the Group's bank and other borrowings were secured by the Group's assets of RMB30,495.6 million (2015: RMB15,038.7 million), which include (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash and (vi) investment property. Certain other borrowings were also secured by the equity interests of certain subsidiaries.

CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. These purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB17,049.6 million as at 31 December 2016 (31 December 2015: RMB6,412.9 million).

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

Current ratio

As at 31 December 2016, the current ratio of the Group was 2.10 times (31 December 2015: 1.35 times). The increase in the Group's current ratio was mainly attributable to the Group's expansion with increased development projects.

Gearing ratio

As at 31 December 2016, the gearing ratio of the Group was 98% (2015: 247%). The improvement of the Group's gearing ratio was mainly attributable to the Group's effort on managing its gearing level including, among others, (i) the increases in net assets as a result of the initial public offering of the Company and capital contributions from strategic investors; (ii) increases in revenue and net profit for the year ended 31 December 2016; (iii) increases in non-controlling interests resulting mainly from the change of certain joint ventures of the Group to subsidiaries and capital injections from non-controlling interests; and (iv) issuance of perpetual capital instruments issued by the Group during the year. The Company will continue to closely monitor the due dates of borrowings and manage the level of liquid capital to ensure that cash flows are sufficient for repayment of its indebtedness and meeting the cash requirements for payables in its business.

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save for the consolidations as detailed in the section headed "Management Discussion and Analysis — Consolidation of the financial results of certain joint ventures" below, the Group has no other material acquisitions and disposals of subsidiaries, associates and joint ventures during the period under review. The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the first-tier and second-tier cities in China. No concrete plan for future investments is in place as at the date of this annual report.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to Shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed below, during the year ended 31 December 2016, the Group did not perform any material acquisition or disposal of subsidiaries and associated companies.

Deemed disposal

On 30 March 2016, the shareholders of Rongxin (Fuzhou) Property Company Limited ("**Fuzhou Property**"), a non-wholly owned subsidiary of the Company, resolved to increase the registered capital of Fuzhou Property from RMB166,666,700 to RMB189,583,300 whereby Fuzhou Wuyuan Ecological Agriculture Development Company Limited ("**Fuzhou Wuyuan**"), an independent third party, agreed to contribute RMB510,000,000 in cash on or before 31 March 2016 for subscribing for the additional equity interests of Fuzhou Property. An amount of RMB379,721,000 will be credited to the capital reserve of the Group as a result of this subscription. Following this subscription, the equity interests of Rongxin Group in Fuzhou Property will be diluted from 91% to 80%, and the equity interests of Fuzhou Wuyuan in Fuzhou Property will be increased from 9% to 20%, which gives rise to the deemed disposal pursuant to Rule 14.29 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Upon completion of this subscription, Fuzhou Property will continue to be consolidated as a non-wholly owned subsidiary of the Company, and the results of operations and financial position of Fuzhou Property will continue to be recorded in the Group's consolidated financial statements. For further details, please refer to the announcement of the Company dated 30 March 2016.

CONSOLIDATION OF THE FINANCIAL RESULTS OF CERTAIN JOINT VENTURES

Consolidation of the financial results of Shiou Group

Background

Shiou Group is primarily engaged in the development and management of certain property development projects in Fuzhou, namely Riverside City, Beyond City, Lan Hill and Show Kingdom. Historically, Shiou Group was accounted for as a joint venture of the Group and owned as to 50% by Rongxin Group, a wholly owned subsidiary of the Company, and 50% by a real estate developer. On 15 March 2016, the real estate developer transferred its 50% equity interests in Shiou Group to an independent third party, a company established in the PRC and principally engaged in property investment in the PRC (the "**Investor**"). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the independent third party and its ultimate beneficial owner are independent of the Company and its connected persons. As the Investor does not have sufficient experience in managing PRC property development projects, in view of the Group's historical performance on managing Shiou Group and in order to enhance the business efficiency of Shiou Group, the Investor is willing to become a passive investor and passed the controlling rights of Shiou Group to Rongxin Group in March 2016.

In accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), Shiou Group has therefore been reclassified from a joint venture of the Group to a subsidiary of the Group (the "**Shiou Reclassification**"), and its results of operations and financial position have therefore been recorded in the Group's consolidated financial statements since the date when the Group obtained the control. The Group's 50% equity interests in Shiou Group remained unchanged.

Financial impact of the consolidation

Prior to the Shiou Reclassification, Shiou Group was accounted for as a 50% owned joint venture of the Company, and the Company's share of Shiou Group's results of operations were initially recognised as share of profits of investments accounted for using the equity method. Following the Shiou Reclassification, Shiou Group has been consolidated as a 50% owned subsidiary of the Company, and its results of operations and financial position have been recorded in the Group's consolidated financial information.

As a result of the Shiou Reclassification, the Group recorded fair value gains on the remeasurement of investment in joint ventures of RMB201.8 million, accounting for approximately 8% of the Group's profit before income tax for the year ended 31 December 2016. Such fair value gains were derived from the remeasurement of the Group's interests in Shiou Group due to the Shiou Reclassification, and has been recognised in the consolidated income statements of the Group in accordance with HKFRS.

The Shiou Reclassification was merely a change in accounting treatment with no change in the Group's 50% equity interests in Shiou Group, and the Board is of the view that the consolidation of the results of operations of Shiou Group did not significantly impact the results of operation of the Group for the year ended 31 December 2016.

Consolidation of the financial results of the Huacao Joint Ventures

Background

The Huacao Joint Ventures are primarily engaged in the development and management of certain property development projects in Shanghai, namely Shanghai Huacao Lot I, Shanghai Huacao Lot II, Shanghai Huacao Lot III and Shanghai Huacao Lot IV (the "**Huacao Projects**"). Historically, the Huacao Joint Ventures were accounted for as the Group's joint ventures with Greenland Group, an independent third party which is a company established in the PRC and principally engaged in property development in the PRC.

The development and management of the Huacao Projects were historically led by the Group. In view of the Group's historical performance on managing the Huacao Project and in order to enhance the business efficiency of Huacao Joint Ventures, Greenland Group is willing to become a passive investor and passed its controlling rights in the Huacao Joint Ventures to the Group in March 2016.

In accordance with HKFRS issued by the HKICPA, the Huacao Joint Ventures have therefore been reclassified from the joint ventures of the Group to the subsidiaries of the Group (the "**Huacao Reclassification**"), and their results of operations and financial position have therefore been recorded in the Group's consolidated financial statements since the date when the Group obtained the control. The Group's equity interests in the Huacao Joint Ventures remained unchanged.

Financial impact of the consolidation

Prior to the Huacao Reclassification, the Huacao Joint Ventures were accounted for as the joint ventures of the Company, and the Company's share of Huacao Joint Ventures' results of operations were initially recognised as share of profits of investments accounted for using the equity method, net. Following the Huacao Reclassification, the Huacao Joint Ventures have been consolidated as the subsidiaries of the Company, and their results of operations and financial position have been recorded in the Group's consolidated financial information.

As a result of the Huacao Reclassification, the Group recorded fair value gains on the remeasurement of investment in joint ventures of RMB76.3 million, accounting for approximately 3% of the Group's profit before income tax for the year ended 31 December 2016. Such fair value gains were derived from the remeasurement of the Group's interests in the Huacao Joint Ventures due to the Huacao Reclassification, and has been recognised in the consolidated income statements of the Group in accordance with HKFRS.

The Huacao Reclassification was merely a change in accounting treatment with no change in the Group's equity interests in each of the Huacao Joint Ventures, and the Board is of the view that the consolidation of the results of operations of the Huacao Joint Ventures did not significantly impact the results of operation of the Group for the year ended 31 December 2016.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ou Zonghong, aged 48, is the founder of the Group. Mr. Ou has been a Director since 11 September 2014, the chairman of the Board since 1 December 2014 and was re-designated as the executive Director and appointed as the chief executive officer of the Company on 15 December 2014. Mr. Ou is the chairman of the nomination committee and a member of the remuneration committee of the Company since 13 January 2017. Mr. Ou is primarily responsible for the overall development strategy and daily operation of the Group. He has more than 20 years of experience in the property development and construction industries. Mr. Ou established Putian Transport Engineering Company Limited on 1 August 1995, which engaged in construction of motorways. On 20 April 2000, Mr. Ou started his engagement with the property related business and established Putian Transport and Real Estate Development Company Limited. On 23 September 2003, Mr. Ou established Rongxin Group. Mr. Ou has been a director of Renmin University of China since 18 October 2011. Mr. Ou has also been the managing vice president of the Federation of Fujian Enterprise and Entrepreneur since April 2012, respectively.

Mr. Ou has also assumed various positions in the subsidiaries of the Company, including the sole director of Rongda Company Limited since 11 September 2014, the sole director of Rongtai Company Limited since 26 September 2014, a director of Rongxin Group since 23 September 2003, a director of Rongxin (Zhangzhou) Property Company Limited from 7 January 2011 to 1 February 2013 and a director of Fujian Rongshengmei Business Information Consultancy Company Limited ("**Fujian Rongshengmei**") since 28 October 2014.

Mr. Ou was awarded a member of the fourteenth and fifteenth sessions of the Excellent Entrepreneurs of Fujian in December 2011 and June 2014, respectively. He also received the Silver Award of the Ten Young Entrepreneurs of Fujian in April 2008.

Mr. Wu Jian, aged 47, has been an executive Director since 1 December 2014 and the vice president of the Group since January 2012. Mr. Wu Jian is primarily responsible for assisting the planning of corporate strategy and assisting Mr. Ou Zonghong to manage the daily operation of the Group and supervise the sales and marketing departments. He has more than 10 years of experience in property development industry. Mr. Wu Jian joined the Group in March 2004 and had assumed various positions since then, including the vice general manager of Rongxin Group from March 2004 to April 2009, the vice general manager of Shiou Property, previously one of the joint ventures of the Group, from April 2009 to December 2010 and the general manager of Rongxin Group from December 2010 to December 2011. Before joining the Group, Mr. Wu Jian had been engaged with Fuzhou Architectural Design Institute from April 1994 to May 2004, working at various time as an engineer, the engineer-in-charge and the vice chief engineer. Mr. Wu Jian has been a senior engineer authorised by the Leading Group for Professional Title Reform of Fuzhou since January 2002. Mr. Wu Jian graduated from Shanghai Jiao Tong University in Shanghai, the PRC in July 1991 with a bachelor degree in industrial and civil architecture and from Zhejiang University in Hangzhou, Zhejiang province in March 1994 with a master degree in structural engineering.

Mr. Wu Jian has also assumed various positions in the subsidiaries of the Company, including a director of Rongxin Group since 1 August 2007, a director of Fuzhou Investment from 7 June 2011 to 21 May 2012, a director of Rongxin (Xiamen) Property Development Company Limited from 11 January 2013 to 7 July 2014, a director of Hemei Shanghai Property from 20 May 2013 to 13 September 2013 and a director of Fujian Rongshengmei since 28 October 2014.

Mr. Lin Junling, aged 39, has been an executive Director since 1 December 2014 and the vice president of the Group since January 2014. Mr. Lin Junling is primarily responsible for assisting the planning of corporate strategy and management of the business operations of the Group in Eastern China. Mr. Lin Junling joined the Group in September 2003. He has approximately 15 years of experience in property development industry. He has served as the executive vice general manager of Rongxin Group from September 2003 to August 2007, the general manager of Rongxin Group from August 2007 to April 2010, the chairman of Shiou Property from April 2010 to December 2013 and the general manager of the Eastern China companies of the Group since January 2014. Before joining the Group, Mr. Lin Junling had served as the general manager of Putian Transport and Property Development Company Limited from January 2001 to September 2003. Mr. Lin Junling obtained an associate degree in architecture finance and accounting from Fujian College of Architecture (now known as Fujian University of Technology) in Fuzhou, Fujian province in June 1999. He is currently a candidate of the master degree in business administration in Xiamen University in Xiamen, Fujian province. In December 2014, Mr. Lin Junling was awarded an Outstanding Manager of China for the Year 2014 prize.

Mr. Lin Junling has also assumed various positions in the subsidiaries of the Company, including a director of Rongxin Group from 1 August 2007 to 8 September 2011 and since 7 May 2012, a director of Xiamen Property since 21 April 2014, a director of Hangzhou Kaizhu Rongxin Property Development Company Limited since 16 May 2014, a director of Hangzhou Rongxin Kaisheng Property Development Company Limited since 14 May 2014, the sole director of Shanghai Qianheng Property Company Limited since 21 April 2014 and a director of Fujian Rongshengmei since 28 October 2014.

Ms. Zeng Feiyan, aged 41, has been an executive Director since 27 July 2015 and the chief financial officer since she joined the Group in August 2013. She is primarily responsible for the financial affairs and company secretarial matters of the Group. Before joining the Group, Ms. Zeng Feiyan has more than 10 years of finance related experiences in various entities. Ms. Zeng Feiyan had served as the manager of the operation and financial management center and the vice director of the supervisory committee in Hopson Development Holdings Limited (a property development company listed on the Main Board of the Stock Exchange, stock code: 754) from May 2003 to October 2007. She was the vice general manager responsible for finance and investment management of Guangdong Pearl River Investment Management Group Company Limited (a company principally engaged in the investment in energy and infrastructure projects) from October 2007 to September 2011, and the vice president and secretary of the board of directors of Cnhomeland Environmental Co., Ltd. (an environmental-protection company engaged in the provision of environmental solutions services) from September 2011 to August 2013.

Ms. Zeng Feiyan has been a certified public accountant authorised by the Institute of Certified Public Accountants of Guangdong Province since 7 January 2003. She has also been a senior economist as credentialed by the Senior Professional Titles Evaluation Committee of Dezhou Private Economic Organisations since 26 September 2013 and a Registered Tax Agents authorised by the Certified Tax Agents Association of Guangdong Province since 13 December 2011. Ms. Zeng Feiyan graduated from Changsha Communication College (now known as Changsha University of Science and Technology) in Changsha, Hunan province in June 1998 where she obtained a bachelor degree in accounting. Ms. Zeng Feiyan is currently a candidate of executive master of business administration in Guanghua School of Management of Peking University since March 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo, Wing Yan William, aged 56, Justice of the Peace, has been an independent non-executive Director and a member of the audit committee and the nomination committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. He is currently the vice chairman of Lovable International Holdings Ltd, a company engaged in manufacture and sale of toys and children products, and the chairman of Strategenes Limited, a financial and strategy advisory firm in Hong Kong. Mr. Lo served as an executive director and vice president of China Unicom Limited (a company listed on the Main Board of the Stock Exchange which principally engages in the provision of cellular and fixed-line voice and related value-added services, stock code: 762) from July 2002 to March 2006, an independent non-executive director of I.T Limited (a company listed on the Main Board of the Stock Exchange which principally engages in retailing and trading fashion wears and accessories, stock code: 999) from October 2004 to May 2006, and an executive director, vice chairman, managing director and chief financial officer of I.T Limited from May 2006 to May 2009. He had also served as the vice chairman of South China Media Group from September 2011 to August 2014.

Mr. Lo currently serves as an independent non-executive director or independent director in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
SITC International Holdings Company Limited	a company principally engaged in the provision of marine transportation services	listed on the Main Board of the Stock Exchange (stock code: 1308)	an independent non-executive director since September 2010
Jingrui Holdings Limited	a company engaged in property development	listed on the Main Board of the Stock Exchange (stock code: 1862)	an independent non-executive director since October 2013
CSI Properties Limited	a company engaged in property development	listed on the Main Board of the Stock Exchange (stock code: 497)	an independent non-executive director since April 2014
Television Broadcasts Limited	a free-to-air TV broadcaster and a commercial Chinese program producer	listed on the Main Board of the Stock Exchange (stock code: 511)	an independent non-executive director since February 2015
Nam Tai Property Inc. (formerly known as Nam Tai Electronic Inc.)	a company currently and principally engaged in property development and management	listed on the New York stock exchange (stock code: NTP)	an independent director since July 2003

Mr. Lo has been appointed as Justice of the Peace by the government of the HKSAR on 1 July 1999. He was also appointed as a member of Shantou Committee of Chinese People's Political Consultative Conference in 2003. Mr. Lo graduated from University of Cambridge in the United Kingdom with a master degree in philosophy and a doctor degree in philosophy engineering in March 1986 and March 1988, respectively. He is also an academician of Downing College of University of Cambridge.

Mr. Ren Yunan, aged 41, has been an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Ren Yunan obtained a bachelor degree in law from Peking University in Beijing in July 1997 and a master degree in law from Harvard

University in the U.S. in June 1999. Mr. Ren Yunan has been qualified to practice law in New York, the U.S. since March 2000 and also admitted to practice in Hong Kong since March 2003 and currently is not in private practice in Hong Kong.

Mr. Ren Yunan currently holds or has in the past three years held directorship in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
China Child Care Corporation Limited (formerly known as Prince Frog International Holdings Limited)	a company principally engaged in the design and provision of children care products	listed on the Main Board of the Stock Exchange (stock code: 1259)	an independent non-executive director from 18 February 2011 to 15 October 2015 and a non-executive director since 16 October 2015
Labixiaoxin Snacks Group Limited	a snack food provider	listed on the Main Board of the Stock Exchange (stock code: 1262)	a non-executive director since February 2015
SPI Energy Co., Ltd. (formerly known as Solar Power, Inc.)	a photovoltaic project developer	shares are traded on the NASDAQ in the U.S. (stock code: SPI)	an independent director since April 2015

Mr. Qu Wenzhou, aged 45, has been an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Qu served as a professor of Business Management of Xiamen University from August 2007 to July 2013. Mr. Qu Wenzhou has served as an independent non-executive director or independent director in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
Mingfa Group (International) Company Limited	a property development company	listed on the Main Board of the Stock Exchange (stock code: 846)	an independent non-executive director and chairman of the audit committee since 19 August 2010
Fujian Cosunter Pharmaceutical Co., Ltd	a pharmaceutical company	Listed on Shenzhen Stock Exchange (stock code: 300436)	an independent director since 2 December 2014
Guangdong Baolihua New Energy Stock Co., Ltd	a energy company	Listed on Shenzhen Stock Exchange (stock code: 000690)	an independent director since 24 March 2015
Fujian Septwolves Industry Co., Ltd	a fashion design and manufacturing company	Listed on Shenzhen Stock Exchange (stock code: 002029)	an independent director since 8 July 2016
Geo-Jade Petroleum Corporation	a petroleum company	Listed on Shanghai Stock Exchange (stock code: 600759)	an independent director since 27 July 2016

Mr. Qu Wenzhou has been a member of the eleventh All-China Youth Federation since August 2010. He was awarded the Youth May 4th Medal of Fujian Province in May 2008. He has been a certified public accountant authorised by The Chinese Institute of Certified Public Accountants since November 2003 and a chartered financial analyst authorised by the Chartered Financial Analyst Institute since November 2004. Mr. Qu Wenzhou graduated from Xiamen University in Xiamen, Fujian province with a bachelor degree in science in July 1995. He also obtained his master degree in economics in June 1999, master degree in business administration in October 2001 and doctor degree in economics in December 2003 from Xiamen University.

SENIOR MANAGEMENT

The senior management of the Group include the four executive Directors as disclosed above and the following persons:

Mr. Xu Shenliang, aged 40, was the vice president of the Group since he joined the Group in February 2013 and was primarily responsible for the design and construction of the Group's property development projects. Mr. Xu Shenliang resigned from the Group on 1 February 2017. Before joining the Group, Mr. Xu Shenliang served in various positions in different companies, including, among others, the project manager in Beijing Longfor Property Company Limited (a property development company) from July 2007 to March 2010 and the design director of Sino-Ocean Land Company Limited (a property development company) from August 2009 to March 2013. Mr. Xu Shenliang has been a senior engineer authorised by the Personnel Department of Liaoning Province since November 2009. Mr. Xu Shenliang graduated from Central Academy of Craft Art (now known as Academy of Arts and Design, Tsinghua University) in Beijing in July 1996 where he obtained a bachelor degree in environmental art and design.

Mr. Ruan Youzhi, aged 41, has been the vice president of the Group and is primarily responsible for the real estate investment business of the Group. Before joining the Group, Mr. Ruan Youzhi had been a teacher in Fengjiang High School of Xianyou from August 1997 to August 2001 and a journalist of Haixia Metropolis Daily from March 2003 to June 2009. Mr. Ruan Youzhi obtained his bachelor degree in Chinese language and literature in July 2005 from Fujian Normal University in Fuzhou, Fujian province.

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan and Ms. Ng Wing Shan are the joint company secretaries of the Company.

For Ms. Zeng's background, please refer to her biographical details disclosed above.

Ms. Ng Wing Shan, one of the joint company secretaries of the Company. Ms. Ng is currently an assistant vice president of SW Corporate Services Group Limited. Ms. Ng is a fellow member of The Hong Kong Institute of Chartered Secretaries and a fellow member of The Institute of Chartered Secretaries and Administrators in the United Kingdom.

The Directors are pleased in presenting this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2016.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Laws of the Cayman Islands (the "**Companies Law**"). The shares of the Company (the "**Shares**") were listed on the Stock Exchange on 13 January 2016.

Principal Activities

The Company is an investment holding company and together with its subsidiaries, joint ventures and an associated company is a property developer in the PRC primarily engaged in the development of mid- to high-end residential properties and commercial properties in cities in the Western Taiwan Straits Economic Zone, Yangtze River Delta Economic Region and selected first- and second-tier cities in the PRC. The Western Taiwan Straits Economic Zone is an area centering on the coastal areas of Fujian province known for entrepreneurship and economic growth.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 35 to the consolidated financial statements of the Group in this annual report. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2016. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

RESULTS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of comprehensive income of the Group in this annual report. The Group's business review and future business development are provided in the section headed "Chairman's Statement" in this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" in this annual report.

A five year financial summary of the Group for the years ended 31 December 2012, 2013, 2014, 2015 and 2016 have been set out on page 204 in this annual report.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in the section headed "Management Discussion and Analysis — Material of acquisition and disposal" in this annual report, during the year ended 31 December 2016, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2016 are set out in note 13 to the consolidated financial statements of the Group in this annual report.

BORROWINGS

Details of the borrowings of the Group as at 31 December 2016 are set out in note 28 to the consolidated financial statements of the Group in this annual report.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2016 are set out in the consolidated statement of changes in equity in this annual report. As at 31 December 2016, the distributable reserve of the Company amounted to approximately RMB2,593.1 million.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2016 (2015: Same).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on Friday, 9 June 2017 (the "**AGM**"), the register of members of the Company will be closed from Monday, 5 June 2017 to Friday, 9 June 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 2 June 2017.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group primarily target customers from middle to upper-middle income households who are looking to either purchase their first homes or upgrade their living environment. The Group also derived revenue from certain local governments in Fuzhou Province for the Group's services under construction contracts. For the year ended 31 December 2016, the five largest customers of the Group accounted for 2.5% of the revenue of the Group, and the single largest customer of the Group accounted for 1.3% of the revenue of the Group during the same period.

All of the five largest customers of the Group (except local governments as counter-parties to the Group's construction contracts) for the year ended 31 December 2016 are individual purchasers of the Group's properties, and all of them are independent third parties. To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest customers of the Group during the year ended 31 December 2016.

Major Suppliers

For the year ended 31 December 2016, the five largest suppliers of the Group, primarily comprising construction companies which are the Group's contractors and each an independent third party, accounted for 45.0% of the total purchases of the Group, and the single largest supplier of the Group accounted for 20.8% of the Group's total costs of sales during the same period.

To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers of the Group during the year ended 31 December 2016.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that the employees, customers and suppliers are keys to corporate sustainability and are keen on developing long-term relationships with stakeholders.

The Company places significant emphasis on human capital and strives to foster an environment in which the employee can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance.

The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Company understands that it is important to maintain good relationship with customers. The Group has established procedures in place for handling customers' complaints and customer satisfaction surveys in order to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to develop good relationship with suppliers as long-term business partners to ensure stable supplies of materials and timely delivery of power plants under construction. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

SHARE CAPITAL

On 13 January 2016, the Company issued 337,500,000 Shares at an offer price HK$5.36 per Share on the Stock Exchange by global offering. On 28 January 2016, the Company further issued 2,348,000 Shares pursuant to the partial exercise of the over-allotment option at an offer price of HK$5.36 per Share.

Details of the movements in the share capital of the Company are set out in note 24 to the consolidated financial statements of the Group in this annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended 31 December 2016 and up to the date of this annual report are:

Executive Directors

Mr. Ou Zonghong *(Chairman and Chief Executive Officer)*
Mr. Wu Jian *(Vice President)*
Mr. Lin Junling *(Vice President)*
Ms. Zeng Feiyan *(Chief Financial Officer)*

Independent Non-executive Directors

Mr. Lo, Wing Yan William
Mr. Ren Yunan
Mr. Qu Wenzhou

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

In accordance with article 84(1) of the articles of association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at the annual general meeting at least once every three years. Further, article 83(3) of the articles of association of the Company provides that any Director appointed by the Board to fulfill a casual vacancy shall hold office until the first general meeting after his/her appointment and shall be eligible for re-election at that meeting and any Directors appointed by the Board as an addition to the existing board shall hold office only until next following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with article 84(1) of the articles of association of the Company, Mr. Lo, Wing Yan William, Mr. Ren Yunan and Mr. Qu Wenzhou shall retire by rotation and, being eligible, have offered themselves for re-election as Directors at the AGM.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 13 January 2016 (the "**Listing Date**"), and may be terminated pursuant to the respective terms of the service contracts.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the Listing Date, and may be terminated pursuant to the respective terms of the appointment letters.

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2016 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Ou Zonghong, the chairman and an executive Director of the Company, through his interests in a family trust, Ou Family Trust, is interested in 74.87% of the issued share capital in the Company as at the date of this annual report. Apart from holding interests in the Group as a result of the Ou Family Trust, Mr. Ou Zonghong also owns equity interest in certain other companies which are engaging in the businesses of hotel operation and property management, details of which are set out below.

(i) Hotel Operation

Hemei (Zhangzhou) Hotel Investment Company Limited is a member of the Fujian Dingcheng Investment Company Limited, which owns and operates Zhangzhou Rongxin Crowne Plaza Holiday Hotel ("**Zhangzhou Rongxin Hotel**"). Zhangzhou Rongxin Hotel is a high-end hotel in Zhangzhou, Fujian province and was opened in August 2014. For further details, please refer to the section headed "Relationship with Controlling Shareholders — No Competition and Delineation of Business" on pages 260 to 263 in the Prospectus.

(ii) Pre-delivery Property Management

Fujian Shiou Property Management Company Limited ("**Fujian Shiou Property Management**") is owned as to 60% by Mr. Ou Zonghong. Fujian Shiou Property Management is engaging in the provision of pre-delivery property management services and it has been providing pre-delivery property management services to certain of the Group's property projects during the year ended 31 December 2016 and will continue to do so afterward. For further details, please refer to the announcement of the Company dated 8 November 2016 and the paragraph headed "Continuing Connected Transactions — 1. Master Pre-delivery Property Management Agreement" in this section.

(iii) Property Management

Rongxin (Fujian) Property Management Company Limited ("**Rongxin Fujian Property Management**") is owned as to 52% by Mr. Ou Zonghong. Rongxin Fujian Property Management is engaging in the provision of property management services and it has been providing property management services to certain of the Group's property projects during the year ended 31 December 2016 and will continue to do so afterward. For further details, please refer to the section headed "Relationship with Controlling Shareholders — No Competition and Clear Delineation of Business" on pages 260 to 263 in the Prospectus and the paragraph headed "Continuing Connected Transactions — 2. Management Services Agreement" in this section.

Save as disclosed above, as at the date of this annual report, none of the controlling shareholders of the Group or the Directors was engaged or had interest in any business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

Deed of Non-Competition

The Company's controlling Shareholders, namely, Mr. Ou Zonghong, Mr. Ou Guofei, Honesty Global Holdings Limited and Dingxin Company Limited (together, the "**Covenantors**") entered into a deed of non-competition on 22 December 2015 (the "**Deed of Non-Competition**") in favour of the Company, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that, save for the businesses carried on by them as already disclosed in the Prospectus, the Covenantors shall not, and shall procure that their close associates (other than members of the Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of the Group from time to time ("**Restricted Business**").

The Deed of Non-Competition shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling Shareholder) of the issued share capital of the Company; or (ii) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

For details of the Deed of Non-Completion, please refer to the section headed "Relationship with Controlling Shareholders — Non-Competition Undertakings" in the Prospectus.

Annual Review

The Covenantors have confirmed that they did not refer, or to procure the referral of, any investment or commercial opportunities relating to the Restricted Business to the Group during the year ended 31 December 2016.

The Company has received a written confirmation from each of the Covenantors in respect of the compliance by them and their close associates with the terms of the Deed of Non-Competition.

The independent non-executive Directors have reviewed the Deed of Non-Competition and assessed whether the Covenantors and their close associates have complied with the terms of the Deed of Non-Competition, and were satisfied that each of the Covenantors has complied with his/its undertakings under the Deed of Non-Competition during the year ended 31 December 2016.

CONTINUING CONNECTED TRANSACTIONS

Set forth below are the details of the continuing connected transactions of the Group during the year ended 31 December 2016, which were exempted from the requirements of independent Shareholders' approval, but subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Master Pre-delivery Property Management Agreement

The Company as service recipient entered into a master pre-delivery property management agreement (the "**Master Pre-delivery Property Management Agreement**") with Fujian Shiou Property Management as service provider on 8 November 2016, pursuant to which Fujian Shiou Property Management agreed to provide pre-delivery property management services to the Group at the pre-sale and pre-delivery stages including but not limited to security, cleaning, maintenance service and other related pre-delivery property management and maintenance services as well as car park management services (collectively, the "**Pre-delivery Property Management Services**") for a term commencing from the date of the Master Pre-delivery Property Management Agreement and ending on 31 December 2018 (both days inclusive).

As Fujian Shiou Property Management is indirectly owned as to 60% by Mr. Ou Zonghong, one of the controlling Shareholders and executive Directors of the Company, Fujian Shiou Property Management is an associate of Mr. Ou Zonghong and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The management fees payable by the Group to Fujian Shiou Property Management shall be determined in the ordinary course of business, on normal commercial terms, negotiated on arm's length basis and at prices and on terms no less favorable than those provided by independent third parties to the Group, with reference to (i) the total area of the property projects of the Group in the PRC for which Pre-delivery Property Management Services is required; (ii) the costs to be incurred by Fujian Shiou Property Management for the provision of the Pre-delivery Property Management Services (including the salaries and benefits, costs incurred for the use of facilities and disbursements to third parties etc.); and (iii) comparable market price where the normal costs of pre-delivery property management services concerned will be taken into account. The amounts of management fees paid by the Group to Fujian Shiou Property Management under the Master Pre-delivery Property Management Agreement during the year ended 31 December 2016 amounted to RMB34.4 million.

The annual cap amounts of management fees payable by the Group to Fujian Shiou Property Management for each of the years ending 31 December 2016, 2017 and 2018 are RMB40 million, RMB55 million and RMB65 million, respectively, which were determined with reference to (i) the historical transaction amounts payable by the Group to Fujian Shiou Property Management for the nine months ended 30 September 2016; and (ii) the expected amount of service fees payable to Fujian Shiou Property

Management for the provision of Pre-delivery Property Management Services with reference to (a) the anticipated increases in demand of Pre-delivery Property Management Services required by the Group during the term of the Pre-delivery Property Management Service Agreement taking into account of the expected growth in the number of property development projects of the Group in the PRC and the expected area to be completed for each year during the term of the Pre-delivery Property Management Service Agreement; and (b) the unit price per sq.m. as agreed from time to time.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the provision of Pre-delivery Property Management Services by Fujian Shiou Property Management under the Master Pre-delivery Property Management Agreement is over 0.1% but less than 5% on an annual basis, the transactions contemplated under the Master Pre-delivery Property Management Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

2. Management Services Agreement

The Company as service recipient entered into a framework management services agreement (the "**Management Services Agreement**") with Rongxing Fujian Property Management as service provider on 22 December 2015, pursuant to which Rongxin Fujian Property Management agreed to provide the Group with management and related services to the display units, sales offices and community clubhouses of the Group's property projects, including but not limited to cleaning, gardening, maintenance of public order and security services to the aforesaid venues.

As Rongxin Fujian Property Management is owned as to 52% by Mr. Ou Zonghong, one of the controlling Shareholders of the Company and an executive Directors, Rongxin Fujian Property Management is an associate of Mr. Ou Zonghong and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The management fees payable by the Group to Rongxin Fujian Property Management shall be based on the fee quotes to be submitted by Rongxin Fujian Property Management under the relevant tender bids, taking into account a wide range of factors such as nature, age and infrastructure features of the relevant property projects, geographic location and neighborhood profile. The amounts of management fees paid by the Group to Rongxin Fujian Property Management under the Management Services Agreement during the year ended 31 December 2016 amounted to RMB0.7 million.

The annual cap amounts of management fees payable by the Group to Rongxin Fujian Property Management for each of the years ending 31 December 2016 and 2017 are RMB30.5 million and RMB12.0 million, respectively, which were determined with reference to the total gross floor area, geographical locations, facilities and human resources allocation of the relevant display units, sales offices and community clubhouses and on the assumption that the costs incurred by manpower will increase steadily.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the management and related services under the Management Services Agreement exceed 0.1% but are all less than 5% on an annual basis, the management and related services under the Management Services Agreement and the proposed annual caps for each of the years ending 31 December 2016 and 2017 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

Annual review

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole.

PricewaterhouseCoopers, the Company's independent auditor, was engaged to report on the Group's continuing connected transactions in accordance with "*Hong Kong Standard on Assurance Engagements 3000 (Revised) 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 auditor has issued an unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with paragraph 14A.56 of the Listing Rules.

A copy of the independent auditor's letter has been provided by the auditor to the Company, and has been submitted to the Stock Exchange.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 December 2016 is contained in note 34 to the consolidated financial statements of the Group in this annual report. The transactions summarised in note 34 to the consolidated financial statements of the Group fall under the definition of "connected transactions" under the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

Other than those transactions disclosed in note 34 to the consolidated financial statements of the Group in this annual report and in the paragraphs headed "Directors' Interests in Competing Business" and "Continuing Connected Transactions" in this section, no Director or controlling Shareholder of the Company has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2016.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

Principal risks and uncertainties facing the Group includes, among others, that:

(i) the Group is and will continue to be dependent on the performance of its PRC property sector;

(ii) the Group may not be able to identify suitable land or acquire land use rights for future development at commercially reasonable costs;

(iii) the Group has substantial indebtedness and may incur additional indebtedness in the future, and may not be able to generate sufficient cash to satisfy its outstanding and future debt obligations and to fund its capital expenditures;

(iv) the results of operations of the Group may fluctuate due to factors such as the schedule of the Group's property development and the timing of property sales;

(v) the Group may not be able to complete its projects according to schedule;

(vi) the Group has significant cash outflow from operations and may not be able to timely obtain sufficient financing to fund the Group's land acquisitions or property developments; and

(vii) the Group is subject to certain restrictive covenants in and risks associated with bank borrowings and trust and other borrowings which may limit or otherwise materially and adversely affect the Group's business, results of operations and financial condition.

For further details of the principal risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" on pages 35 to 70 in the Prospectus.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at the date of this annual report, except as disclosed in the Prospectus, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at the date of this annual report, the Company's joint ventures and associated company were not involved in and the Board is not aware of any non-compliance incidents that might adversely affect the value of the Company's interests in them.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the "**Share Option Scheme**") on 28 December 2015. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(1) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contributions to the Group. It is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(2) Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares (collectively the "**Eligible Participants**"):

(i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and

(ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares. 135,000,000 Shares represents approximately 9.98% of the total Shares in issue as at the date of this annual report.

(4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

(5) Time of acceptance and exercise of option

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(6) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK$1 is payable upon acceptance of the grant of an option.

(7) The remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 28 December 2015.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — Other information — Share Option Scheme" in Appendix V to the Prospectus.

Details of the Share Option Granted

During the year ended 31 December 2016, no option was granted or agreed to be granted under the Share Option Scheme. On 5 January 2017, the Company offered to grant to certain eligible participants a total of 81,140,880 share options to subscribe for a total number of 81,140,880 ordinary shares of HK$0.00001 each. For details, please refer to the announcement of the Company dated 5 January 2017.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2016.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme", at no time during the year ended 31 December 2016 were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES OF THE COMPANY

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

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

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

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/ Capacity	Number of Shares(1)	Number of Underlying Shares interested(1)	Approximate percentage of shareholding(1)
Mr. Ou Zonghong(2)	Beneficiary of a trust	1,012,500,000 (L)	—	74.87%

Notes:

(1) As at 31 December 2016, the Company issued 1,352,348,000 Shares. The letter "L" denotes the person's long position in the relevant Shares.

(2) Mr. Ou Zonghong is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei as the settlor with Mr. Ou Zonghong being the protector. TMF (Cayman) Ltd., the trustee of Ou Family Trust, through a wholly-owned BVI company, namely Honesty Global Holdings Limited, which in turn wholly-owned another BVI company, namely Dingxin Company Limited, held 1,012,500,000 Shares.

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

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

Name of Shareholder	Nature of Interest/Capacity	Number of Shares or underlying Shares[1]	Approximate percentage of shareholding[1]
Dingxin Company Limited[2]	Beneficial owner	1,012,500,000 (L)	74.87%
Honesty Global Holdings Limited[2]	Interest in controlled corporation	1,012,500,000 (L)	74.87%
TMF (Cayman) Ltd.[2]	Trustee of a trust	1,012,500,000 (L)	74.87%
Mr. Ou Guofei[2][3]	Settlor of a trust	1,012,500,000 (L)	74.87%
Ms. Xu Lixiang[4]	Beneficiary of a trust/Interest of spouse	1,012,500,000 (L)	74.87%

Notes:

(1) As at 31 December 2016, the Company issued 1,352,348,000 Shares. The letter "L" denotes the entity's long position in the relevant Shares.

(2) Dingxin Company Limited is a BVI company wholly owned by Honesty Global Holdings Limited, another BVI company, wholly-owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.

(3) Mr. Ou Guofei is the son of Mr. Ou Zonghong.

(4) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2016, the Group employed a total of 1,115 full-time employees (2015: 920 full-time employees). For the year ended 31 December 2016, the staff cost recognised of the Group amounted to RMB393.1 million (2015: RMB237.1 million).

The remuneration policy of the Group is to provide remuneration packages including salary, bonuses and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary rises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2016, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental Protection

The Group is subject to a number of environmental-related laws and regulations in the PRC including the PRC Environmental Protection Law, the PRC Prevention and Control of Noise Pollution Law, the PRC Environmental Impact Assessment Law and the Administrative Regulations on Environmental Protection for Development Projects. Pursuant to these laws and regulations, the Group has engaged independent third-party environmental consultants to conduct environmental impact assessments at all of the construction projects of the Group, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, the Group is required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities' acceptance. Only property development projects which have passed such examination and acceptance can be delivered. Under the typical construction contracts of the Group, the Group requires its contractors to strictly comply with relevant environmental-related laws and regulations. The Group inspects the construction sites regularly and require its contractors to immediately rectify any default or non-compliance identified.

During the year ended 31 December 2016, the Group incurred RMB3.6 million as cost for compliance with applicable environmental rules and regulations. The Directors expect that the Group will continue to incur compliance costs with respect to applicable environmental rules and regulations at a similar level. As at the date of this annual report, the Group did not encounter any material issues in passing inspections conducted by the relevant environmental authorities upon completion of the property development projects of the Group. During the year ended 31 December 2016 and up to the date of this annual report, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. As at the date of this annual report, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for the projects of the Group under development.

Social Responsibility

The Group has entered into employment contracts with its employees in accordance with the applicable PRC laws and regulations.

The Group maintains social welfare insurance for its full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with the relevant PRC laws and regulations.

Health and Work safety

The employee's administrative measures adopted by the Group contain policies and procedures regarding work safety and occupational health issues. The Group provides its employees with annual medical checks and safety training, and the construction sites of the Group are equipped with safety equipments including gloves, boots and hats.

The chairman's office of the Group is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the year ended 31 December 2016 and up to the date of this annual report, the Group did not encounter any material safety accident, there were no material claims for personal or property damages and no material compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

INDEMNITY AND INSURANCE PROVISIONS

The articles of association of the Company provides that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or subsisted during the year ended 31 December 2016.

SUFFICIENCY OF PUBLIC FLOAT

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

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

CHARITABLE DONATIONS

During the year ended 31 December 2016, the Group made charitable and other donations in a total amount of RMB112.2 million.

AUDITOR

The consolidated financial statements for the year ended 31 December 2016 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor is to be proposed at the AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

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

For and on behalf of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 20 March 2017

Corporate Governance Report

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Board is pleased in presenting this Corporate Governance Report for the year ended 31 December 2016.

CORPORATE GOVERNANCE

The Company has adopted the corporate governance code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code throughout the period from the Listing Date to 31 December 2016, save and except for the deviation from Code Provision A.2.1 of the Corporate Governance Code disclosed in the paragraph headed "The Board – 3. Chairman and Chief Executive Officer" in this section below.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the period from the Listing Date to 31 December 2016.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, by-laws, laws, rules and regulations. The Company will continue to arrange regular seminars to provide Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

For the year ended 31 December 2016, each of the Directors has attended training in connection with their responsibilities as a director of the Company, and the attendance of each Director is set out in the table below:

Name of Director	
Executive Directors	
Mr. Ou Zonghong	√
Mr. Wu Jian	√
Mr. Lin Junling	√
Ms. Zeng Feiyan	√
Independent Non-Executive Directors	
Mr. Lo, Wing Yan William	√
Mr. Ren Yunan	√
Mr. Qu Wenzhou	√

THE BOARD

1. Responsibilities

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The Board delegates to the management authority and responsibility for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various committees and has delegated to the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), and the nomination committee (the "**Nomination Committee**") of the Board (collectively, the "**Board Committees**") various duties. All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

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

2. Board Composition

Executive Directors	Mr. Ou Zonghong *(Chairman and Chief Executive Officer)* Mr. Wu Jian *(Vice President)* Mr. Lin Junling *(Vice President)* Ms. Zeng Feiyan *(Chief Financial Officer)*
Independent Non-Executive Directors	Mr. Lo, Wing Yan William Mr. Ren Yunan Mr. Qu Wenzhou

There is no material financial, business, family or other relationship between any members of the Board. The biographies of the Directors are set out under the section headed "Directors and Senior Management" in this annual report. All the Directors, including the independent non-executive Directors, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

During the period from the Listing Date to 31 December 2016, the Board at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules by the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board. The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years.

3. Chairman and Chief Executive Officer

The roles of the chairman and the chief executive officer of the Company have not been separated as required by Code Provision A.2.1 of the Corporate Governance Code. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong, an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou Zonghong's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou Zonghong continues to act as the chairman and chief executive officer of the Group following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

4. Board Meetings

Code Provision A.1.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, 14 days notice is given. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and committee meetings are recorded in detail and include the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments.

The Board convened one annual general meeting and two board meetings during the period from the Listing Date to 31 December 2016. The table below sets forth the details of the attendance at these meetings:

	Attended/Number of meetings held	
Name of Director	**Board meetings**	**Annual general meeting**
Executive Directors		
Mr. Ou Zonghong	6/6	1/1
Mr. Wu Jian	6/6	1/1
Mr. Lin Junling	6/6	1/1
Ms. Zeng Feiyan	6/6	1/1
Independent Non-Executive Directors		
Mr. Lo, Wing Yan William	2/2	1/1
Mr. Ren Yunan	2/2	1/1
Mr. Qu Wenzhou	2/2	1/1

BOARD COMMITTEE

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

1. Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of three members, namely Mr. Qu Wenzhou, Mr. Lo, Wing Yan William and Mr. Ren Yunan, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications.

The Audit Committee convened two meetings during the period from the Listing Date to 31 December 2016. The table below sets forth the details of the attendance at these meetings:

Name of committee member	**Attended/Number of meetings held**
Mr. Qu Wenzhou *(Chairman)*	2/2
Mr. Lo, Wing Yan William	2/2
Mr. Ren Yunan	2/2

At the above meetings, members of the Audit Committee have reviewed the unaudited interim results of the Group for the six months ended 30 June 2016 and the audited annual results of the Group for the year ended 31 December 2016. The Audit Committee have also reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and connected transactions, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2016 and has recommended the Board to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year ending 31 December 2017, subject to approval by the Shareholders at the AGM.

The works performed by the Audit Committee during the year ended 31 December 2016 included, among others, the following:

- reviewed the interim and annual consolidated financial statements of the Group;

- reviewed the cash flow projections and monitored the Group's overall financial condition;

- reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of the risk management and internal control systems of the Group;

- reviewed the appropriateness and effectiveness of the internal audit function of the Group and made recommendations to the Board on the improvement of the internal audit function of the Group;

- reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and

- met with external auditor in the absence of executive Directors and senior management to discuss matters in relation to the audit.

2. Remuneration Committee

The Board has established the Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Remuneration Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Board on the Group's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, to make recommendation to the Board on the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time. The Remuneration Committee consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Ren Yunan and Mr. Qu Wenzhou, independent non-executive Directors. The chairman of the remuneration committee is Mr. Ren Yunan.

The Remuneration Committee convened two meetings during the period from the Listing Date to 31 December 2016. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Attended/Number of meetings held
Mr. Ren Yunan *(Chairman)*	2/2
Mr. Ou Zonghong	2/2
Mr. Qu Wenzhou	2/2

The major work performed by the Remuneration Committee during the year ended 31 December 2016 included, among others, reviewing and making recommendation to the Board of the remuneration of the Directors and the senior management of the Group for the year ending 31 December 2017.

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2016 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

The remuneration of the senior management (excluding the Directors) by band for the year ended 31 December 2016 is set out below:

Remuneration bands	Number of person(s)
Nil to HK$1,000,000	1
HK$1,500,001 – HK$2,000,000	1

3. Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Nomination Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, assess the independence of the independent non-executive Directors and make recommendations to the Board on relevant matters relating to the appointment, reappointment and removal of the Directors and succession planning for the Directors. The Nomination Committee consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Lo, Wing Yan William and Mr. Qu Wenzhou, independent non-executive Directors. The chairman of the nomination committee is Mr. Ou Zonghong.

The Nomination Committee convened two meetings during the period from the Listing Date to 31 December 2016. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Attended/Number of meetings held
Mr. Ou Zonghong *(Chairman)*	2/2
Mr. Lo, Wing Yan William	2/2
Mr. Qu Wenzhou	2/2

The works performed by the Nomination Committee during the year ended 31 December 2016 included, among others, the following:

- reviewed the structure, size and composition of the Board;
- assessed the independence of the independent non-executive Directors; and
- made recommendations to the Board on the re-appointment of Directors

The Company has adopted the board diversity policy (the "**Board Diversity Policy**") to assess the composition of the Board. The Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendation to the Board.

4. Corporate Governance Functions

The Board is responsible for performing the functions set out in the Code Provision D.3.1 of the Corporate Governance Code.

During the year ended 31 December 2016, the Board met twice to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

AUDITOR'S REMUNERATION

For the year ended 31 December 2016, the fee paid/payable to the external auditor of the Company in respect of audit services and non-audit services is set out as follows:

	Year ended 31 December 2016 RMB million
Audit and related service:	4.5
Non-audit service:	0.8

ACCOUNTABILITY AND AUDIT

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness.

The Company continues to adopt best practices and industry standards for risk management and internal control. The Group's risk management and internal control systems include a well-established organisational structure with clearly defined lines of responsibility and authority. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Day-to-day departmental operations are entrusted to individual departments, which are accountable for their own conduct and performance and are required to operate their own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments in the department's business and of the implementation of the policies and strategies set by the Board on a regular basis.

Systems and procedures are also in place in the Group to identify, control and report on the major types of risks the Group encounters. Each department is responsible for the assessment of individual types of risk arising under their areas of responsibility. Relevant risks identified are reported to the Board for oversight and monitoring. The Group's risk management systems are monitored and reviewed regularly by the Board.

The Audit Committee and the Board have reviewed the internal audit findings of the Group's from financial, operational, compliance and risk management controls perspectives for the year ended 31 December 2016. The Board is satisfied that the internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, the qualifications and experience of the staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Group has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Group. The framework and its effectiveness are subject to review by the Board on a regular basis.

INTERNAL AUDIT

The Group has an internal audit function. The primary role of the internal audit function is to help the Board and the senior management of the Group to protect the assets, reputation and sustainability of the Group. The internal audit function provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by the Company's management, is adequate. The internal audit function of the Group is independent of the risk management and internal control systems of the Group.

Results of audit work together with an assessment of the overall risk management and control framework are reported to the Audit Committee as appropriate. The internal audit function also reviews the Company's management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

COMMUNICATION WITH SHAREHOLDERS

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

To promote effective communication, the Company maintains a website (www.rongxingroup.com), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations which contact details are as follows:

Porda Havas International Finance Communications Group

Address:	Units 2009–2018, 20th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong
Tel:	(852) 3150-6788
Fax:	(852) 3150-6728
Email:	ronshine@pordahavas.com

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan and Ms. Ng Wing Shan are the joint company secretaries of the Company.

Ms. Zeng Feiyan is the executive Director and the chief financial officer of the Group. For further details of Ms. Zeng's background, please refer to her biographical details disclosed in the section headed "Directors and Senior Management" in this annual report.

Ms. Ng Wing Shan is an assistant vice president of SW Corporate Services Group Limited. For further details of Ms. Ng's background, please refer to her biographical details disclosed in the section headed "Directors and Senior Management" in this annual report. The primary corporate contact person of the Company with Ms. Ng is Ms. Zeng.

In compliance with Rule 3.29 of the Listing Rules, Ms. Zeng and Ms. Ng each has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2016.

AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATIONS

The amended and restated memorandum and articles of associations of the Company was approved by Shareholders on 28 December 2015, effective from the Listing Date. Save as disclosed above, the Company has not made any other amendments to the memorandum and articles of associations of the Company.

Environmental, Social and Governance Report

1. About this Report

1.1 Report Profile

Ronshine China Holdings Limited (the "**Company**") and its subsidiaries (hereinafter to be referred as the "**Group**") published the Environmental, Social and Governance Report (the "**ESG Report**") expounded the Group's overall concept of sustainable development and to fulfill its corporate citizenship performance. The ESG report detailed elaborated on the various work undertaken by the Group in fulfilling the principle of sustainable development and its performance in social and governance in 2016.

1.2 Scope of the Report

The ESG Report focused on the environmental and social performance of the core business of the Group in the mainland China from 1 January 2016 to 31 December 2016 (the "**Year**"). For detailed information of Corporate Governance, please refer to the Corporate Governance Report of the Company's Annual Report.

1.3 Reporting Framework

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

1.4 Stakeholder Engagement

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

1.5 Information and Feedbacks

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

2. Environment and Resources

2.1 Management of Pollutant Emission

2.1.1 Wastewater Management

The main sources of wastewater generated by the Group during operation are domestic sewage and the effluent discharged from the construction site. Acting in strict compliance with the laws and regulations, the Group ensures that the domestic sewage is discharged to the municipal drainage system that avoids uncontrolled discharge. The Group also strictly requires contractors to meet the national and regional standards in the construction process and take appropriate measures to discharge effluent from construction site, in order to minimize the impact on the environment. For example, the Group has adopted some temporary initiatives on environmental protection in Ronshine Bay project, based on the approval comments made by the Fuzhou Environment Protection Bureau on Environmental Impact Report of Ronshine Bay project, such as setting grease traps, sedimentation tanks and septic tanks at the construction site, and reusing the effluent from construction activities after treatment to avoid the discharge to elsewhere.

2.1.2 Waste Disposal

The Group acts in strict compliance with the laws and regulations of the disposal of solid waste to deal with the Group's solid waste, including construction waste and office waste. The Group requires the contractors responsible for managing all construction waste at the construction sites. The Group requires the contractors to reuse the waste for the construction projects or to send the reusable waste to qualified recycling organizations for further processing, so as to reduce the pressure on landfills. The Group also requires contractors to inform specialized collectors to clear, remove and transport the non-reusable waste and garbage. Besides, for flammable and explosive dangerous goods, the Group requires the contractors to give careful consideration to the potential risks of storing the dangerous substances, asking contractors to store by classification and carry out some appropriate safety facilities, such as fire service installations.

The Group has also adopted measures to reduce office waste. For the non-hazardous waste, the Group uses waste separation facilities to recycle discarded paper, metal, plastic; reuses envelops, folders, file cards and other types of stationery; organizes Competition for Less Use of Paper, No Plastic Bottles Day, Green Design Contest, etc. For the hazardous waste, the Group cooperates with electronic companies to recycle the electronic waste; reuses the recyclable ink and toner cartridges, puts the used batteries at the specific collection boxes and passes them to qualified recycling organizations for centralized processing; encourages the employees to reduce the use of disposable and non-reusable items.

2.1.3 Noise Management

In order to reduce the noise during construction period, the Group acts in strict compliance with the regulations relating to the Emission Standard of Environmental Noise for Boundary of Construction Site (GB12523-2011). If the construction work needs to be carried out at noon and at nighttime, it should be reported to the Environmental Protection Department for approval.

2.1.4 Air Pollution Management

The main air pollution sources generated by the Group during operation are dust, fugitive dust during transportation and vehicle emission. The Group acts in compliance the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other relevant laws and regulations. For the dust control, the Group requires the contractors to have their sheds of mixers and cement storehouses be built in the form of a color-coated steel house in a completely closed structure, with gutters and dustproof facilities available nearby. Especially at the phase of earth excavation and the implementation of construction pits, the contractors are required to cover the exposed waste soil at the construction site, to prevent the dust from rising in the air. According to the relevant regulations of the project location that control the fugitive dust during transportation, the construction vehicles should be equipped with functions including automatic washing, anti-fog, dust removal, and the construction vehicles with access to the construction sites should be washed. To reduce air pollution caused by vehicle emission, the crew should arrange regular maintenance checks for the Group's vehicles to enhance the efficiency of the vehicles and reduce the emissions of vehicle exhaust. The Group also provides low-carbon driving training for drivers, to avoid the issues such as sudden acceleration and idling of vehicle engines.

2.2 Saving Resources

The Group puts the concept of energy saving and environmental protection into practice in the operation. Water is the important source for human survival. While the water crisis problem is growing more severe nowadays, water saving has become a global issue. The Group has formulated the following policies to minimize the consumption of water, including installing stormwater collection system for the irrigation of plants, recycling grey water for cleaning and irrigation, doing repair work immediately for the water taps that drips, using the water taps with water efficiency labels, using dual flush toilets, minimize waste consumption. In the daily office, the Group posts water saving reminders in toilets, reminds employees to save water, and encourages staffs to turn off the taps. The Group also conducts regular water seepage tests on concealed piping, checks on the water tanks that overflow, regularly examines water meter readings and inspects the hidden leaks.

The Group has adopted measures to improve the efficiency of electricity consumption and to put the concept of electricity saving into practice in our operation. For the lighting systems, the Group has divided the office into different lighting areas and installed luminaries that are energy efficient with independent control at different lighting areas (for example T5 fluorescent lamps and light emitting diode). The lighting systems and lamps are also kept clean to enhance their energy efficiency. For air conditioning systems, the Group uses the split air conditioners with the Grade 1 energy label and water-cooled air conditioning systems. UV-resistant window insulation film is also used to apply to low-emissivity glass, so as to reduce heat absorption and thereby cut down the consumption of electricity. The Group also conducts examinations and changes the pressure gauges, pressure hoses and connectors of air compressors regularly, so as to reduce the possibility of refrigerant leaks. The Group encourages employees to set the computers to standby or sleep mode automatically if they are left idle and switch off the electronic devices completely in non-office hours.

2.3 Protection of Environment and Natural Resources

The Group is committed to promoting the sustainable development of the ecological environment by putting the low-carbon concept into practice and actively developing "Green Charity". The Group has fully implemented green office and has actively adopted green concept in daily work, from saving paper, electricity and water to promoting electronic office, video conference and teleconference. The Group has made efforts to minimize the impacts of operation to the ecological environment.

The Group implements Office Automation System (OA System), to replace the office administration system of paper documentation and to reduce the use of paper. To meet the Group's objective of less paper use, employees are encouraged to use electronic communication technology to send messages as much as possible and double-sided printing is made as the default setting for the computers. In the meantime, employees are also motivated to participate in the training sessions and activities about environmental protection and take public transport more often, so as to protect the environment and natural resources.

3. Employment and Labor Rules

3.1 Employment Guidelines

The Group acts in strict compliance with the relevant laws and regulations, including the Employment Ordinance of the Hong Kong Special Administrative Region ("**HKSAR**"), Labor Law of the People's Republic of China and Labor Contract Law of the People's Republic of China, as well as the Group's Recruitment Management System. All employees are treated with fairness and equality, ensuring that there is no sex, regional and racial discrimination. In accordance with the relevant national laws, the Group requires full-time or temporary basis employees to work not more than 8 hours per day and not more than 40 hours per week. Employees would not be forced to work overtime or restricted to get off work on time. In addition, the Group offers employees the equal employment rights and the freedom to choose their own career, in accordance with the Employment Promotion Law of the People's Republic of China.

According to the Internal Screening and Recruitment Management System, the Group President office organizes the internal screening and recruitment event twice a year. The Group also recruits employees through corporate website, campus and community. The Group would sign the Labor Contract with any new employee, in accordance with the Labor Contract Law of the People's Republic of China, to ensure there is not child labor and forced labor. The Group offers employees the annual remuneration package which comprises two components, namely fixed income and variable income, based on the actual revenue of the Group. According to the Welfare Management System, the Group provides not only the statutory benefits for full-time employees in mainland China, including endowment insurance, medical insurance, work-related injury insurance and housing provident fund, but also other benefits including traveling allowances, special rate for purchasing residential property and training subsidies. The Group has established the appraisal system to evaluate the performance of employees regularly. The appraisal result would be served as the basis for determining any salary increase, bonus and promotion. The Group also emphasizes the protection of the employees' basic rights. All employees are entitled to personal leave, sick leave, annual leave, wedding leave, maternity leave, sick leave due to work injuries and compassionate leave, etc.

3.2 Training and Development

The Group is convinced that "Human Resource is the most prominent resource of the corporate. With the Group's respect to and trust in employees, the Group keeps optimizing the human resources allocation and strengthening the training and development of talents, so that employees and the corporate can grow together.

According to the Measures on Administration of the Induction Training for New Employees, any new employee has to follow the relevant procedures as stipulated in the Onboarding Guide. The Group provides fundamental training for new employees, using the training materials about the fundamental knowledge for new employees, to help them to know the Group more quickly.

Fresh graduates are the backbone of the Group in the future, and are fundamental to the sustainable development of the Group, thus the Group's Human Resources Department has formulated the training programs — "Empower you with Trust" ("**Xin Li Liang**") and "Spread your Wings with Trust" ("**Xin Zhi Yi**") for the fresh graduates. The Group offers systematic and professional training programs regularly to employees of different grades, so as to improve their working efficiency. To strengthen employees training and enhance the overall quality and professional skills of all employees, the Group has established "Ronshine College" and has set complete training courses. In the meantime, in order to meet the needs of recruiting talents for the Group's strategic development, the Group's President Office has adopted a consistent approach of managing the talent pool and formulated the Talent Acquisition Management System, in accordance with the Group's strategic development plan and the allocation of human resources.

3.3 Health and Safety

To protect the health and safety of employees, the Group acts in strict compliance with the relevant laws and regulations, including the Occupational Safety and Health Ordinance in Hong Kong, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Group's Measures on Administration of Employees. Body check and safety training are provided to employees every year. It is clearly stipulated in the contract signed with any construction contractor that the contractor must comply with the Construction Law of the People's Republic of China, the relevant laws and administrative regulations. Construction work must be strictly carried out under the safety standards and accident insurance should be provided to employees who are engaged in hazardous work.

To thoroughly follow the Production Safety Law of the People's Republic of China, the Group requires the contractors to troubleshoot and identify any source of critical hazards prior to the construction. The relevant management plan and safety supervision system should be formulated, and a sound accountability system for safety production should be established. The contractors should comply with the governing regulations of construction and safety production and carry out construction work strictly under safety standards. The contractors should get prepared anytime to undergo examinations supervised by the industry safety inspectors according to the laws, and take the necessary safety precautions to avoid any hidden risk of accident. For example, different types of protective equipment should be provided to employees according to their job nature, such as gloves, safety shoes and helmets. Safety warning signs should be placed at different locations of the construction site, such as safe access, processing shed, production zone of steel bars, substation, etc. The processing sheds should be built of steel bars and wood with rainproof and protective function. The stairs on the podium of the building should be covered with safety nets. The contractors who are held accountable for the safety of construction workers should provide safety education for them. If any construction work would be performed near any power plant, power transmission line, underground pipeline, sealed and shockproof manufacturing plant, flammable and explosive area, main traffic area, the contractors must have to propose any safety precautions to the engineers in advance, and such work could only be carried out with the approval of engineers. For blasting operation, as the work involves (the storage, transportation and use of) radioactive and poisonous substances and the use of poisonous and corrosive materials, the contractors must inform the engineers in written form 14 days prior to the construction and propose the relevant safety precautions. Such work could only be carried out with the approval of engineers. If there is any heavy casualty and safety accident, the contractors must have to report it to the related departments and inform the engineers immediately in accordance with the relevant regulations and handle it in accordance with the requirements as set by the related government departments.

In the meantime, the Group puts great emphasis on the physical and mental health of employees who work in the offices. The Group has organized various cultural and recreational events during the year, such as Plank Charity Event, Graffiti Charity Run, etc.

The Group has placed many plants at the office area, conference rooms and meeting rooms, so as to ensure that our employees could work in a good and comfortable environment.

4. Operational Practice

4.1 Supply Chain Management

The suppliers of the Group are from different fields, including construction, advisory services, materials and equipment, etc. The Group is committed to developing good relationship with suppliers so as to ensure the stable supply of materials. Invitations for tender are centrally sent to suppliers by the headquarters. The Group strictly acts in accordance with the Suppliers Management System and Management System of Tender in the fields of Construction and Materials and Equipment in the tendering process. The main sources of the Group's suppliers rely on internal recommendation within the Company, recommendations made by other companies, self-recommendations of suppliers and web search. The Group builds three sets of database of suppliers according to the shortlist at different stages to ensure the appropriate use of resources. In the tendering process, suppliers would be firstly required to register on the recruitment system. Then the officers of the Procurement Department would carry out the inspection of suppliers. Each reviewer would have to fill in an evaluation form upon the completion of the review, prepare an evaluation report and submit it for approval. To establish the good image of the Group in the society, it is ensured that the whole tendering process is transparent, open, fair and impartial, and black box operation is eliminated.

4.2 Product Responsibility

The business philosophy of the Group stresses "Creating Value for Clients and Outperforming the Rest of the Market by Service Quality". The Group acts in strict compliance with the relevant laws and regulations applicable to mainland China relating to the property development and management, environment protection and preservation of antiquities and monuments. The Group would get any register certificate, permit and relevant certificate, including business license, construction land planning permit, state-owned land use certificate for each of the Group's project, as required by the rules. The construction contracts signed with the contractors are designed in accordance with the Contract Law of the People's Republic of China, Construction Law of the People's Republic of China and other relevant rules and administrative regulations after the negotiations with the contractors.

To protect the quality of products, the contractors are required to strictly meet the requirements as set by the Group, which are stipulated in the Agreement of Construction Safety, Liability Agreement for Security and Fire, Measures on Administration of the Company's Quality, Skills and Progress, Perceived Standard for the Roughcast House of Engineering Department, Standards of Spray Test and Water Spray Test for Exterior Walls and Windows, Standards for the Gaps in Exterior Walls and Windows. The contractors should provide product certification after procuring the materials and equipments, so as to facilitate the Group's effective supervision of the quality of the procured materials and equipment. The Group continuously keeps active and effective communication with the contractors, so as to strengthen the business relationship with them, which could help to ensure quality and delivery. To have better management of the construction systems, the Group has engaged supervision companies who are responsible for supervising the construction projects. The supervising engineers act on behalf of the Group and are responsible for supervising every part of the project, including work quality, construction progress, safe and civilized construction, materials and equipment, etc. The contractors must allow the supervision and provide necessary support to cooperate with the supervision companies. Upon the completion of the project, the engineers commissioned by the Group have the rights to organize and lead an inspection. The Department of Environmental Protection and Administration should also carry out the inspection of the construction project and provide the completion information and the inspection report about environmental protection, ensuring that the construction project meets the requirements set by the local Environment Protection Bureau.

The Group continuously keeps refining the rules, regulations and processes relating to the protection of the clients' information, complaints handling, reasonable charge, protection of the clients' rights to know and to choose. Various sound systems and procedures have been established to identify, monitor and report the major types of risk faced by the Group. To meet the regulatory standards, the Group has also thoroughly reviewed the charges, reduced the fee items and made the information of all fee items public. The Group would further boost the well-rounded performance in product design, branding, construction quality and property services, so as to strengthen the product competitiveness in the market.

The Group shares the true and accurate product information with the public through different promotional channels, including newspaper, television, broadcast, internet, billboard, magazine, text message, etc. The Group launches any of advertisement and promotional event, in accordance with the Advertising Law of the People's Republic of China and other relevant laws and regulations, so as to ensure that all advertisements are authentic and any use of false and misleading trade description to deceive clients is strictly prohibited.

The Group strictly abides by the Confidentiality System of the Company Information and requires the contractors to keep the information confidential, including related news, construction drawings, tender-related documents on the invitation, application, evaluation and confirmation. Besides, the Group has established various systems to protect the privacy of employees and business partners, including the Confidentiality System of the Company Information, Regulations of the Management of Information Security, File Management System, etc. Confidentiality agreement would be signed with the employees and third parties according to different circumstances to protect the information security.

4.3 Anti-Corruption

Acting in strict compliance with the Prevention of Bribery Ordinance in Hong Kong and Criminal Law of the People's Republic of China, the Group is determined to maintain a fair and competitive market and promote the sustainable development of the industry. It is clearly stated on the labor contract and employee handbook that any form of corruption, bribery or rebate is strictly prohibited. The Audit Department of the Group monitors the daily operation of each department to prevent any illegal acts including corruption, bribery and money laundering.

5. Community Engagement

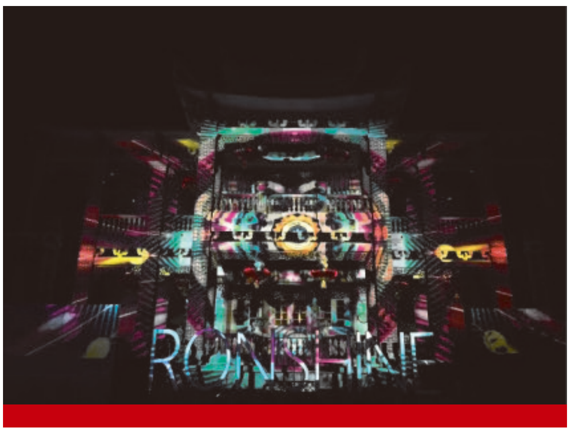
Since the establishment, the Group has been a socially responsible "Corporate Citizen" that not only provides the high quality residential buildings for the public, but also commits to the charity work. The Group has created the first harmonious and beautiful community in the nation, organized Ronshine Neighborhood Festival, run the Ronshine Charity Foundation and set up the Ronshine Sinology Academy, etc. Stressing corporate philosophies like responsible properties, corporate citizenship and integrity, the Group cares about the legacy of traditional culture, corporate social responsibility and charity work. The Group is devoted to building a better city and promoting the sustainable development of the city.

Ronshine Charity Foundation was established in 2014, with the aim of helping underprivileged people, caring the society and providing support for the charity projects in the fields of education, environment, disaster relief, etc. In November 2015, the Group initiated the Plank Charity Event and was supported by 3,000 citizens who participated to gather momentum to the plank exercise across the city and show love to the deprived children in the Northern area of Fujian. The results of the 1,323 people created the world record of the highest number of people who joined the plank exercise in one single event.

The Group has also co-founded the "Ronshine Little Red Flowers Scheme" with the philanthropic Fujian Concern Group, with the focus on the rural area of Northern Fujian, which has attracted the widespread attention of many caring people.

In 2016, Ronshine Charity Foundation co-organized the “Yao Foundation Charity Competition” with the Yao Foundation, to promote the physical education in the impoverished countryside.

In March 2016, the Group has set up the "Ronshine Sinology Academy". The Group organizes the relevant cultural events in accordance with the culture and history of the city at where each property is located, integrated with the traditional festivals and the solar terms. At the sale offices of real estate, the Group has offered different courses in literature, history, music, chess, calligraphy, painting, etc. That is to provide an exchange platform for the residents who wish to get to know and learn more about sinology, show the respect for classics, inherit the culture and reshape the religion.



The Group has respectively received different awards, including "the Harmonious and Beautiful Community", "the Most Socially Responsible Corporate", "the Leading Property Company in Fujian", "the Top 50 of the 2016 Property Development Companies in China", "the Top 10 of the 2016 Property Development Companies in China" in terms of overall performance, etc. In the future, the Group will continue to serve the society, contribute to the society, give back to the society, proactively help to build a harmonious society and fully support the development of real economy.

Independent Auditor's Report

pwc 羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Ronshine China Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 103 to 203, which comprise:

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

Our opinion

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

Basis for Opinion

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

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

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Independence

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

Key Audit Matters

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

Key audit matter identified in our audit is the change from joint ventures to subsidiaries for the investments in Huacao Group and Shiou Group (as defined in Note 37 to the consolidated financial statements).

Key Audit Matter	How our audit addressed the Key Audit Matter
Change from joint ventures to subsidiaries for the investments in Huacao Group and Shiou Group	
Refer to note 37 to the consolidated financial statements In prior years, the Group classified its 50% equity interests in Huacao Group ("Huacao") as jointly controlled entity since the control in Huacao was shared with its co-developers in the development and management of certain property projects in Shanghai, the PRC. In addition, the Group also classified its 50% equity interests in Shiou Group ("Shiou") as jointly controlled entity since the control in Shiou was shared with its co-developers in the development and management of certain property projects in Fuzhou, the PRC. Accordingly, the Group's investments in both Huacao and Shiou were accounted for using equity method in prior years.	In assessing whether or not the Group has obtained the control over the business of Huacao and Shiou, we have conducted the following procedures: 1. we discussed with the directors of the Company and the co-developers to understand and assess the reasonableness of the facts and circumstances that lead to the co-developers' agreements to act in concert with the Group; 2. we analysed the acting in concert agreements to confirm that the co-developers agreed to act in concert with the Group in the future shareholders' meetings and board of directors' meetings of Huacao and Shiou, respectively; 3. we reviewed the legal opinions issued by the Group's external PRC legal counsel on the legality and enforceability of the acting in concert agreements to confirm the Company's directors' judgments that these two agreements are legally enforceable;

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
On 25 March 2016, the co-developers of Huacao agreed to act in concert with the Group in the future shareholders' meetings and board of directors' meetings of Huacao. On 28 March 2016, the co-developers of Shiou agreed to act in concert with the Group in the future shareholders' meetings and board of directors' meetings of Shiou. Thereafter, both Huacao and Shiou were regarded as subsidiaries of the Group and were consolidated by the Group since then. The Group has recognised a gain of RMB278 million on deemed disposal of these two jointly controlled entities in "Fair value gains on the remeasurement of joint ventures" of the 2016 consolidated income statement. We paid attention to this matter due to the significance of the financial impact and there is critical judgment involved in determining whether the Group has obtained control over the business of Huacao and Shiou through the respective acting in concert agreements.	4. we conducted on-site visit on the properties development projects of Huacao and Shiou, reviewed the respective business development and financial management plans as well as progress reports of the properties that are under development to confirm that substantial business activities in Huacao and Shiou were undertaken by the Group; 5. we discussed with the management team who are taking charge of the operations of Huacao and Shiou to understand the project management and decision making process, and reviewed the minutes of shareholders' meetings and board of directors' meetings to check whether the co-developers were actually acting in concert with the Group. We found the critical judgements adopted by the Group were supported by the evidences we gathered.

Other Information

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

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 March 2017

Consolidated Income Statement

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Revenue	6	**11,371,663**	7,414,576
Cost of sales	7	**(9,069,848)**	(4,700,368)
Gross profit		**2,301,815**	2,714,208
Selling and marketing costs	7	**(473,370)**	(395,833)
Administrative expenses	7	**(477,911)**	(273,020)
Fair value gains on investment properties	15	**361,026**	—
Fair value gains on the remeasurement of joint ventures	37	**278,074**	—
Other income		**11,666**	7,320
Operating profit		**2,001,300**	2,052,675
Finance income/(cost), net	9	**125,363**	(11,176)
Share of profits of investments accounted for using the equity method, net	16	**443,105**	422,539
Profit before income tax		**2,569,768**	2,464,038
Income tax expenses	10	**(866,900)**	(1,058,097)
Profit for the year		**1,702,868**	1,405,941
Profit for the year attributable to:			
Owners of the Company		**1,292,339**	1,432,813
Non-controlling interests		**308,510**	(26,872)
Holders of Perpetual Capital Instruments	27	**102,019**	—
		1,702,868	1,405,941
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted (expressed in RMB per share)	11	**0.96**	1.42

The notes on pages 111 to 203 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit for the year	**1,702,868**	1,405,941
Other comprehensive income	**—**	—
Total comprehensive income for the year	**1,702,868**	1,405,941
Total comprehensive income for the year attributable to:		
Owners of the Company	**1,292,339**	1,432,813
Non-controlling interests	**308,510**	(26,872)
Holders of Perpetual Capital Instruments	**102,019**	—
	1,702,868	1,405,941

The notes on pages 111 to 203 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**1,321,057**	840,824
Land use rights	14	**479,518**	483,787
Investment properties	15	**4,058,000**	—
Intangible assets		**4,876**	2,774
Investments accounted for using the equity method	16	**2,695,532**	2,534,738
Available-for-sale financial assets	23	**33,724**	46,000
Term deposits	22	**640,000**	—
Deferred income tax assets	29	**258,949**	151,282
		9,491,656	4,059,405
Current assets			
Properties under development	18	**31,614,716**	23,338,429
Completed properties held for sale	18	**7,572,767**	1,301,888
Trade and other receivables and prepayments	19	**32,103,325**	1,868,565
Amounts due from joint ventures	34	**229,101**	—
Amounts due from customers for contract works	20	**1,249,435**	143,361
Prepaid taxation		**512,156**	205,499
Available-for-sale financial assets	23	**24,000**	41,000
Term deposits	22	**3,677,169**	1,021,799
Restricted cash	21	**907,034**	74,458
Cash and cash equivalents	22	**11,525,557**	2,742,466
		89,415,260	30,737,465
Total assets		**98,906,916**	34,796,870
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	24	**12**	—
Share premium	24	**2,485,669**	989,745
Other reserves	25, 26	**4,984,837**	3,312,777
		7,470,518	4,302,522
Non-controlling interests	35(d)	**12,386,271**	770,210
Perpetual Capital Instruments	27	**3,232,533**	—
Total equity		**23,089,322**	5,072,732

	Note	As at 31 December **2016** RMB'000	2015 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	28	**31,683,744**	6,926,063
Deferred income tax liabilities	29	**1,479,533**	—
		33,163,277	6,926,063
Current liabilities			
Trade and other payables	30	**10,947,247**	2,273,632
Amounts due to a joint venture and other related parties	34	**1,474,137**	265,007
Pre-sale proceeds received from customers		**20,968,395**	10,083,124
Current income tax liabilities		**1,531,018**	729,812
Borrowings	28	**7,733,520**	9,446,500
		42,654,317	22,798,075
Total liabilities		**75,817,594**	29,724,138
Total equity and liabilities		**98,906,916**	34,796,870

The notes on pages 111 to 203 are an integral part of these consolidated financial statements.

The financial statements on pages 103 to 203 were approved by the Board of Directors of the Company (the "Board") on 20 March 2017 and were signed on its behalf.

Ou Zonghong **Zeng Feiyan**

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25)	Statutory reserves RMB'000 (Note 26)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Perpetual Capital Instruments RMB'000 (Note 27)	Total equity RMB'000
Balance at 1 January 2016	–	989,745	1,023,290	337,228	1,952,259	4,302,522	770,210	–	5,072,732
Comprehensive income									
– Profit for the year	–	–	–	–	1,292,339	1,292,339	308,510	102,019	1,702,868
– Other comprehensive income	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	1,292,339	1,292,339	308,510	102,019	1,702,868
Transactions with owners in their capacities as owners									
Issue of shares in connection with the capitalisation issue (Note 24(b))	9	(9)	–	–	–	–	–	–	–
Issue of shares in connection with the Company's listing (Note 24(c))	3	1,540,694	–	–	–	1,540,697	–	–	1,540,697
Share issuance costs (Note 24(c))	–	(44,761)	–	–	–	(44,761)	–	–	(44,761)
Dividend of a subsidiary	–	–	–	–	–	–	(414,760)	–	(414,760)
Acquisitions of subsidiaries (Note 38)	–	–	–	–	–	–	945,380	–	945,380
Change from joint ventures to subsidiaries (Note 37)	–	–	–	–	–	–	2,688,342	–	2,688,342
Issuance of Perpetual Capital Instruments (Note 27)	–	–	–	–	–	–	–	4,700,000	4,700,000
Redemption of Perpetual Capital Instruments (Note 27)	–	–	–	–	–	–	–	(1,500,000)	(1,500,000)
Distributions made to holders of Perpetual Capital Instruments (Note 27)	–	–	–	–	–	–	–	(69,486)	(69,486)
Capital injections from non-controlling interests	–	–	379,721	–	–	379,721	8,088,589	–	8,468,310
Total transactions with owners in their capacities as owners	12	1,495,924	379,721	–	–	1,875,657	11,307,551	3,130,514	16,313,722
Transfer to statutory reserves	–	–	–	165,795	(165,795)	–	–	–	–
Balance at 31 December 2016	12	2,485,669	1,403,011	503,023	3,078,803	7,470,518	12,386,271	3,232,533	23,089,322

	Attributable to owners of the Company							
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25)	Statutory reserves RMB'000 (Note 26)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	—	—	164,203	163,493	693,181	1,020,877	8,169	1,029,046
Comprehensive income								
— Profit/(loss) for the year	—	—	—	—	1,432,813	1,432,813	(26,872)	1,405,941
— Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income/ (loss)	—	—	—	—	1,432,813	1,432,813	(26,872)	1,405,941
Transactions with owners in their capacities as owners								
Capital injection from the then shareholder of the Company	—	989,745	—	—	—	989,745	—	989,745
Capital injection from non-controlling interests	—	—	859,087	—	—	859,087	788,913	1,648,000
Total transactions with owners in their capacities as owners	—	989,745	859,087	—	—	1,848,832	788,913	2,637,745
Transfer to statutory reserves	—	—	—	173,735	(173,735)	—	—	—
Balance at 31 December 2015	—	989,745	1,023,290	337,228	1,952,259	4,302,522	770,210	5,072,732

The notes on pages 111 to 203 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	31	**(16,187,518)**	4,091,512
PRC corporate income tax paid		**(380,288)**	(84,340)
PRC land appreciation tax paid		**(592,945)**	(400,075)
Net cash (used in)/generated from operating activities		**(17,160,751)**	3,607,097
Cash flows from investing activities			
Payments for purchase of property and equipment and investment properties		**(405,385)**	(380,867)
Payments for purchase of intangible assets		**(1,650)**	(441)
Proceeds from disposal of property and equipment		**2,909**	2,055
Capital injections to joint ventures		**(2,127,957)**	(243,500)
Acquisitions of subsidiaries, net of cash acquired		**(1,754,080)**	—
Cash acquired from change of joint ventures to subsidiaries		**72,555**	—
Payments for acquisition of available-for-sale financial assets		**(222,000)**	(86,000)
Proceeds from disposal of available-for-sale financial assets		**251,276**	20,000
Cash advances to related parties		**(426,153)**	—
Repayments from related parties		**—**	841,241
Net proceeds from disposal of amounts due from joint ventures and an associate		**—**	1,797,030
Interest received		**60,210**	11,037
Increase in term deposits		**(3,295,370)**	(969,941)
Net cash (used in)/generated from investing activities		**(7,845,645)**	990,614

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		**41,456,341**	14,302,163
Repayments of borrowings		**(22,775,743)**	(15,188,400)
Issuance of Perpetual Capital Instruments		**4,700,000**	—
Redemption of Perpetual Capital Instruments		**(1,500,000)**	—
Distribution to holders of Perpetual Capital Instruments		**(69,486)**	—
Cash advances from related parties		**4,153,220**	460
Repayments to related parties		**(151,502)**	(2,474,461)
Issuance of shares in connection with the Company's listing		**1,540,697**	—
Share issuance costs		**(35,214)**	—
Capital injection from the then shareholders of the Group		**—**	989,745
Capital injection from non-controlling interests		**8,468,310**	1,648,000
Dividends paid to the then shareholders of the Group		**—**	(338,000)
Interest paid		**(1,749,724)**	(2,026,346)
Restricted cash (pledged for))/released from borrowings		**(312,688)**	573,152
Net cash generated from/(used in) financing activities		**33,724,211**	(2,513,687)
Net increase in cash and cash equivalents		**8,717,815**	2,084,024
Cash and cash equivalents at beginning of the year		**2,742,466**	657,637
Exchange gains on cash and cash equivalents		**65,276**	805
Cash and cash equivalents at end of the year		**11,525,557**	2,742,466

The notes on pages 111 to 203 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

Ronshine China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal activity is investment holding. The Company and its subsidiaries (together the "Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

The Company's shares were listed on the Stock Exchange on 13 January 2016 (the "Listing date").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 20 March 2017.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

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

(a) New standards and amendments to standards adopted by the Group from 1 January 2016

The following new standards and amendments to standards are mandatory for the Group's financial year beginning on 1 January 2016. The adoption of these new standards and amendments to standards does not have any significant impact to the results and financial position of the Group.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments to standards adopted by the Group from 1 January 2016 (continued)

HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: applying the consolidation exception
HKAS 27 (Amendment)	Equity method in separate financial statements
Annual improvements 2014	Annual improvements 2012–2014 cycle
HKAS 1 (Amendment)	Disclosure initiative
HKFRS 14	Regulatory deferral accounts
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants

(b) New standards and amendments to standards that have been issued but are not effective

HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealised losses[1]
HKAS 7 (Amendment)	Changes in liabilities arising from financial activities[1]
HKFRS 9	Financial instruments[2]
HKFRS 15	Revenue from contracts with customers[2]
HKAS 2 (Amendment)	Classification and measurement of share-based payment transactions[2]
HKFRS 16	Leases[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture[4]

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 Effective date to be determined

None of these is expected to be relevant or have material impact to the consolidated financial statements of the Group, except the followings:

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards and amendments to standards that have been issued but are not effective (continued)

HKFRS 15, "Revenue from Contracts with Customers" is expected to be adopted by the Group for the financial year beginning on 1 January 2018. HKFRS 15 recognised revenue when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The underlying principal is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This is not the same as transfer of risks and rewards concept as currently adopted by the Group according to HKAS 18, "Revenue". Entities with transactions that involve variable considerations, selling multiple goods or services in a single arrangement, license arrangements or where the performance by an entity and payment by its customer might occur at significantly different times are expected to be significantly affected by the new revenue recognition principle of HKFRS 15. The directors of the Company is now assessing the impact of HKFRS 15 to the Group's revenue recognition and is not yet in a position to state whether there will be any substantial changes to the Group's existing revenue recognition policy (Note 2.26).

HKFRS 9, "Financial instruments" is expected to be adopted by the Group for the financial year beginning on 1 January 2018. The major changes to the existing policies adopted by the Group include:

- *Changes on classification and measurement of financial assets and liabilities*

HKFRS 9 replaces the multiple classification and measurement models for financial assets in HKAS 39 with a single model that has three classification categories: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The classification and measurement of financial liabilities under HKFRS 9 remains the same as in HKAS 39 except where an entity has chosen to measure a financial liability at fair value through profit or loss.

The directors of the Company do not expect the changes on the classification and measurement models introduced by HKFRS 9 would have material impact on the Group's existing financial assets and liabilities, as they are mainly comprised of loans and receivables and financial liabilities at amortised costs as determined under HKAS 39 (Note 2.11), which are similar to the financial assets and liabilities measured at amortised cost under HKFRS 9, and are expected to continuously be initially recognised at fair value and subsequently measured at amortised cost.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) New standards and amendments to standards that have been issued but are not effective (continued)

- *Changes on the impairment model*

HKFRS 9 introduces a new, forward looking, expected credit loss impairment model. The new rules mean that entities will have to record a day one loss equal to the 12-month expected credit loss on initial recognition of financial assets. HKFRS 9 contains a "three stages" approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest method. Where there has been a significant increase in credit risk, impairment is measured using lifetime expected credit loss rather than 12-month expected credit loss. The model includes operational simplifications for trade receivables. For trade receivables that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime expected credit loss.

The directors of the Company expect the new impairment model introduced by HKFRS9 will generally result in earlier recognition of losses compared to the current incurred loss model of HKAS 39 (Note 2.13). The Group is in the process of assessing the impact of HKFRS 9.

HKFRS 16, "Leases"

The Group is a lessee of certain land use rights and office premises which are currently classified as operating leases. The Group's current accounting policy for such leases, as set out in Note 2.15, is to record the operating lease expenses in the Group's consolidated income statement for the current year with the disclosure of related operating lease commitments. As at 31 December 2016, the Group's total non-cancellable operating lease commitments amounted to RMB40,523,000. HKFRS 16 provides new provisions for the accounting treatment of leases which no longer allows lessees to recognise leases outside of the consolidated balance sheet. Instead, all non-current leases must be recognised in the form of assets (for the right of use) and financial liabilities (for the payment obligations) in the Group's consolidated balance sheet. Short- term leases of less than twelve months and leases of low-value assets are exempt from such reporting obligation. The new standard will therefore result in a derecognition of prepaid operating leases, increase in right-of-use assets and increase in lease liabilities in the consolidated balance sheet. In the consolidated income statement, as a result, the annual operating lease expenses under otherwise identical circumstances will decrease, while depreciation of right-of-use of assets and interest expense arising from the lease liabilities will increase. The new standard is not expected to apply until the financial year beginning on or after 1 January 2019.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

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

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

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

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

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

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

(c) Disposal of subsidiaries

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

2 Summary of significant accounting policies (continued)

2.3 Equity method, associates and joint arrangements

(a) Equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in an associate or joint ventures include goodwill identified on acquisitions. Upon the acquisitions of the ownership interests in an associate or joint ventures, any differences between the costs of the associate or joint ventures and the Group's share of the net fair value of the associate's or joint ventures' identifiable assets and liabilities are accounted for as goodwill.

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

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

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associate or joint ventures and their carrying values and recognises the amounts adjacent to "share of profits of investments accounted for using equity method, net" in the consolidated income statement.

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

Gains and losses on dilution of equity interests in the associate or joint ventures are recognised in the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.3 Equity method, associates and joint arrangements (continued)

(b) Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint venture is accounted for using the equity method.

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income/(costs), net". All other foreign exchange gains and losses are presented in consolidated income statement within "other gains, net".

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the year in which they are incurred. Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Office equipment	3–5 years
Motor vehicles	4 years
Leasehold improvements and furniture, fitting and equipment	3–5 years

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

Assets under construction are stated at cost. Costs include construction and acquisition costs. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property and equipment and depreciated in accordance with the policy as stated above.

The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2 Summary of significant accounting policies (continued)

2.7 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 to 10 years.

2.8 Investment property

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

2.9 Impairment of non-financial assets

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

2 Summary of significant accounting policies (continued)

2.10 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of property comprises mainly cost of land use rights, construction costs, borrowing costs, and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

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

2.11 Financial assets

2.11.1 Classification

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

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's loans and receivables comprise "trade and other receivables", "amounts due from joint ventures", "amounts due from customers for contract works", "restricted cash", "cash and cash equivalents" and "term deposits" in the consolidated balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either so designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the end of the reporting period.

2 Summary of significant accounting policies (continued)

2.11 Financial assets (continued)

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

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

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Impairment of financial assets

(a) Assets carried at amortised cost

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

2 Summary of significant accounting policies (continued)

2.13 Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

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

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

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

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.14 Construction contracts

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

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

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

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

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

2.15 Leasing

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

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

2 Summary of significant accounting policies (continued)

2.16 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and included in properties under development or completed properties held for sale and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets, while those out of the normal operating cycle are classified as non-current assets. Land use rights to be developed for hotel properties and self-use buildings, are non-current assets, which are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods. Land use rights to be developed for investment properties are accounted for as part of investment properties.

2.17 Trade and other receivables and amounts due from joint ventures

Trade receivables are amounts due from customers for properties sold and rental income in the ordinary course of business. If collection of trade and other receivables and amounts due from joint ventures is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables and amounts due from joint ventures are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.18 Cash and cash equivalents, restricted cash and term deposits

In the consolidated statement of cash flow, cash and cash equivalents include cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet. Bank deposits with initial terms of over three months are included in "term deposits" in the consolidated balance sheet. Restricted cash and term deposits are excluded from cash and cash equivalents.

2.19 Share capital

Ordinary shares are classified as equity.

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

2 Summary of significant accounting policies (continued)

2.20 Perpetual Capital Instruments

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

2.21 Trade and other payables and amounts due to related parties

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

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

2.22 Borrowings and borrowing costs

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

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

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, like properties under development, assets under construction and investment properties under construction, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2 Summary of significant accounting policies (continued)

2.23 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

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

2 Summary of significant accounting policies (continued)

2.23 Current and deferred income tax (continued)

(c) Offsetting

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

2.24 Employee benefits

(a) Pension obligations

The group companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

Contributions to these defined contribution plans are expensed as incurred.

(b) Housing benefits

PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group’s liability in respect of these funds is limited to the contribution payable in each period.

Contributions to the housing funds are expensed as incurred.

(c) Employee leave entitlements

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

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

2 Summary of significant accounting policies (continued)

2.25 Provisions

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

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

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

2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sales of properties and services provided, stated net of discounts, value added taxes, returns and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and the specifics of each arrangement.

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed, notification of delivery of properties has been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as "pre-sale proceeds received from customers" under current liabilities.

2 Summary of significant accounting policies (continued)

2.26 Revenue recognition (continued)

(b) Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion (Note 2.14).

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rental income

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

2.27 Financial guarantee liabilities

Financial guarantee contracts in the scope of HKAS39 “Financial Instrument: Recognition and Measurement” are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

2.28 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s and the Company’s financial statements in the period in which the dividends are approved by the Company’s shareholders, or board of directors, where applicable.

3 Financial risk management

3.1 Financial risk factors

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

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk

(a) Foreign exchange risk

The Group operates in the PRC with most transactions being settled in RMB, which is the functional currency of the group companies, except for certain transactions which are settled in foreign currencies. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at 31 December 2016 is as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Monetary assets denominated in:		
— United State Dollars ("US$")	**2,008,739**	709,723
— Hong Kong Dollars ("HK$")	**16,191**	40
Monetary liabilities denominated in:		
— US$	**1,186,049**	—
— HK$	**5,969**	11,559

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% appreciation/depreciation in RMB against the relevant currencies, the effect of increase/(decrease) on the profit for the year is as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
5% appreciation in RMB against:		
— US$	**(41,135)**	(35,486)
— HK$	**(511)**	576
5% depreciation in RMB against:		
— US$	**41,135**	35,486
— HK$	**511**	(576)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.1 Market risk (continued)

(b) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors the trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2016, if interest rates on borrowings at floating rates had been 100 basis points higher or lower with all other variables held constant, interest charges for the year ended 31 December 2016 would increase/decrease RMB44,069,000 (31 December 2015: RMB16,220,000), which would have been capitalised in qualified assets.

3.1.2 Credit risk

The Group has no concentrations on credit risk. Cash transactions are limited to high credit quality institutions. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents (excluding cash on hand), term deposits, restricted cash, trade and other receivable, amounts due from joint ventures, amounts due from customers for contract works and available-for-sale financial assets shown in the consolidated balance sheet.

As at 31 December 2016, substantially all the Group's bank deposits included in cash and cash equivalents, term deposits and restricted cash, are deposited with major financial institutions incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's bank deposits as at 31 December 2016 were as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Big four commercial banks of the PRC (i)	**513,800**	532,744
Other listed banks in the PRC	**7,978,625**	239,941
Other non-listed banks in the PRC	**8,244,872**	2,366,898
Other non-listed banks in the Macau	**11,586**	699,102
	16,748,883	3,838,685

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.2 Credit risk (continued)

Note:

(i) Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

For the trade receivables arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of such guarantees is made in Note 32. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables and amounts due from joint ventures, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counter parties is low.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

3.1.3 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	**Between 1 and 2 years RMB'000**	**Between 2 and 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
As at 31 December 2016					
Borrowings (Note)	**10,131,233**	**19,700,990**	**13,531,060**	**1,178,662**	**44,541,945**
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	**10,620,085**	**–**	**–**	**–**	**10,620,085**
Amounts due to related parties	**1,474,137**	**–**	**–**	**–**	**1,474,137**
Financial guarantee	**20,383,370**	**–**	**–**	**–**	**20,383,370**

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2015					
Borrowings (Note)	10,656,631	5,349,804	2,592,223	–	18,598,658
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	2,177,971	–	–	–	2,177,971
Amounts due to related parties	265,007	–	–	–	265,007
Financial guarantee	9,444,335	–	–	–	9,444,335

Note: Interest on borrowings is calculated on borrowings held as at 31 December 2016 and 2015, respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2016 and 2015, respectively.

3 Financial risk management (continued)

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owners, issue new shares or sell assets to reduce debts.

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

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Total borrowings (Note 28)	**39,417,264**	16,372,563
Less: Cash and cash equivalents (Note 22)	**(11,525,557)**	(2,742,466)
Term deposits (Note 22)	**(4,317,169)**	(1,021,799)
Restricted cash (Note 21)	**(907,034)**	(74,458)
Net borrowings	**22,667,504**	12,533,840
Total equity	**23,089,322**	5,072,732
Gearing ratio	**0.98**	2.47

3.3 Fair value estimation

Certain of the assets of the Group are carried at fair value or where fair value was disclosed can be categorised by level of inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

— Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices) (level 2); and

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

— Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The available-for-sale financial assets are measured at fair value, which is grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, are used to determine fair value for the available-for-sale financial assets. There were no changes in level 3 instruments during the year ended 31 December 2016 (2015: same).

The Group's financial assets include cash and cash equivalents, restricted cash, trade and other receivables, amounts due from joint ventures, amounts due from customers for contract works, available-for-sale financial assets and term deposits. The Group's financial liabilities include trade and other payables, amounts due to a joint venture and other related parties and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

4 Critical accounting estimates and judgments

Estimates and judgments used in preparing the consolidated financial statements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Determining whether the Group has control over an investee

When determining whether the Group has control over an investee, the Group considers whether it is exposed to, 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. In determining whether it has power to affect the variable returns, the Group considers its power to control the relevant activities in the chief decision making authorities of an investee, such as board of directors' meetings and shareholders' meetings. In making these judgments, the Group considers its rights and power obtained through the cooperation agreements with other co-developers, articles of associations of the investee as well as other facts and circumstances.

As at 31 December 2016, after making the above assessments and judgments, the Group considers it has control over its subsidiaries.

4 Critical accounting estimates and judgments (continued)

(b) Provisions for properties under development, completed properties held for sale and prepayment for acquisition of land use rights

The Group assesses the carrying amounts of properties under development, completed properties held for sale and prepayments for acquisition of land of use rights according to their net realisable values based on the realisability of these properties and prepayments. Net realisable values for properties under development and prepayments for acquisition of land use rights are determined by reference to management's estimates of the selling prices based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable values for completed properties held for sale are determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, impairment write-down amounted to RMB42,478,000 was provided for properties under development at 31 December 2016 (31 December 2015: nil).

(c) Corporate income tax, land appreciation tax and deferred taxation

The Group is subject to corporate income tax and land appreciation tax ("LAT") in the PRC. Judgment is required in determining the provision for corporate income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. This Group has not finalised its corporate income tax and LAT calculations and payments with certain local tax authorities in charge of certain of the Group's projects in the PRC. The Group recognised the corporate income tax and LAT based on management's base estimates according to the interpretation of the applicable tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the corporate income tax and LAT provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

Deferred income tax liabilities are provided to the taxable temporary differences arising from the Group's investments in subsidiaries, joint ventures and an associate unless the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Provisions for deferred land appreciation tax liabilities relating to the taxable temporary difference of investment properties are provided unless management determines that the expected manner of recovery of the properties is through rental income from the lease of the properties only. All these involve management's judgments and estimations and the actual outcome may be different.

5 Segment information

The Executive Directors have been identified as the CODM. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the Executive Directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the Executive Directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the year ended 31 December 2016 (31 December 2015: same).

As at 31 December 2016, all of non-current assets of the Group were located in the PRC (31 December 2015: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2016 (2015: same).

6 Revenue

Revenue of the Group for the year ended 31 December 2016 is as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Revenue from sales of properties	**11,113,869**	7,326,711
Revenue from construction contracts (Note 20)	**178,290**	87,865
Rental income and others	**79,504**	—
	11,371,663	7,414,576

7 Expenses by nature

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Cost of properties sold (excluding staff costs)	**8,273,388**	4,125,159
Cost of construction contracts (excluding staff costs)	**169,147**	79,468
Staff costs (including directors' emoluments) (Note 8)	**393,058**	237,076
Business taxes and other taxes	**471,409**	435,386
Marketing and advertising costs	**295,004**	246,821
Donations	**112,227**	12,714
Office and travelling expenses	**46,498**	22,291
Write-down of properties under development	**42,478**	—
Property management fees	**41,308**	43,354
Office lease payments	**28,452**	24,527
Entertainment expenses	**22,986**	12,101
Depreciation (Note 13)	**16,688**	14,097
Auditors' remuneration	**5,305**	4,494
Listing expenses	**3,834**	16,334
Amortisation of intangible assets and land use rights	**1,589**	1,035
Other expenses	**97,758**	94,364
Total cost of sales, selling and marketing costs and administrative expenses	**10,021,129**	5,369,221

8 Staff costs — including directors' emoluments

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Wages, salaries, bonuses and other benefits	**375,132**	226,435
Pension costs	**17,926**	10,641
	393,058	237,076

8 Staff costs — including directors' emoluments (continued)

(a) Directors' emoluments

The directors' emoluments paid/payable by the Group as follows:

	Year ended 31 December 2016 RMB'000	2015 RMB'000
Salaries and other benefits	**5,779**	6,000
Pension costs	**164**	145
	5,943	6,145

The emoluments received by individual directors are presented as below:

(i) For the year ended 31 December 2016

Name of Directors	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Mr. Ou Zonghong ("Mr. Ou")	**—**	**1,342**	**41**	**1,383**
Mr. Wu Jian	**—**	**1,459**	**41**	**1,500**
Mr. Lin Junling	**—**	**1,400**	**41**	**1,441**
Ms. Zeng Feiyan	**—**	**963**	**41**	**1,004**
Mr. Lo, Wing Yan William (note (iii))	**205**	**—**	**—**	**205**
Mr. Ren Yunan (note (iii))	**205**	**—**	**—**	**205**
Mr. Qu Wenzhou (note (iii))	**205**	**—**	**—**	**205**
	615	**5,164**	**164**	**5,943**

8 Staff costs — including directors' emoluments (continued)

(a) Directors' emoluments (continued)

(ii) For the year ended 31 December 2015

Name of Directors	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Mr. Ou	—	1,345	32	1,377
Mr. Wu Jian	—	1,449	32	1,481
Mr. Lin Junling	—	1,403	32	1,435
Mr. Gao Chuanjian (note (iv))	—	837	17	854
Ms. Zeng Feiyan	—	966	32	998
	—	6,000	145	6,145

During the year ended 31 December 2016, none of the directors of the Company waived his emoluments nor has agreed to waive his emoluments (2015: same).

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor are any payable (2015: same). No consideration was provided to or receivable by third parties for making available directors' services (2015: same).

There were no loans, quasi-loans or other dealings in favor of the directors, their controlled bodies corporate and connected entities as at 31 December 2016 (31 December 2015: same).

Other than those disclosed in Note 34(d), there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (31 December 2015: same).

(iii) These directors were appointed as independent non-executive directors of the Company in January 2016.

(iv) Mr. Gao Chuanjian was appointed as a director in December 2014. He resigned from the director position in July 2015.

8 Staff costs — including directors' emoluments (continued)

(b) Five highest paid individuals

For the year ended 31 December 2016, the five individuals whose emoluments were the highest in the Group included four (2015: four) directors, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2015: one) individual during the year are as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Wages and salaries	**1,462**	1,465
Pension costs	**41**	32
	1,503	1,497

The emoluments payable to the remaining one (2015: one) individual falls within the following band:

	Year ended 31 December	
	2016	2015
Annual emolument band		
HK$1,500,000–HK$2,000,000	**1**	1

During the year ended 31 December 2016, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2015: none).

9 Finance income/(costs) — net

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Finance income		
— Interest income from bank deposits	**60,210**	11,037
— Net foreign exchange gains	**71,336**	52,663
	131,546	63,700
Finance costs		
— Interest of borrowings	**(2,245,043)**	(2,066,887)
— Finance costs on derecognition of amounts due from joint ventures and an associate	**–**	(74,876)
— Less: capitalised interest	**2,238,860**	2,066,887
	(6,183)	(74,876)
Finance income/(costs) – net	**125,363**	(11,176)

10 Income tax expenses

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Current income tax:		
PRC corporate income tax	**418,185**	411,919
LAT	**417,522**	663,048
	835,707	1,074,967
Deferred income tax (Note 29)	**31,193**	(16,870)
	866,900	1,058,097

10 Income tax expenses (continued)

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

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit before income tax	**2,569,768**	2,464,038
Less: fair value gains on the remeasurement of joint ventures	**(278,074)**	—
share of profits of joint ventures and an associate reported net of tax	**(443,105)**	(422,539)
	1,848,589	2,041,499
Tax calculated at applicable corporate income tax rates	**442,238**	501,597
Effect of expenses not deductible for income tax purpose	**111,521**	59,214
LAT deductible for income tax purpose	**(104,381)**	(165,762)
PRC corporate income tax	**449,378**	395,049
LAT	**417,522**	663,048
	866,900	1,058,097

Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the year ended 31 December 2016 (2015: 16.5%). Hong Kong profits tax was not been provided as the Group did not have any assessable profit subject to Hong Kong profits tax for the year ended 31 December 2016 (2015: nil).

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2015 and 2016, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008.

10 Income tax expenses (continued)

LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

11 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2015 and 2016. In determining the weighted average number of ordinary shares in issue, 100 shares issued during the reorganisation of the Group for the preparation of the listing of the Company and 1,012,499,000 shares issued by way of capitalisation were deemed to have been issued since 1 January 2015.

	Year ended 31 December	
	2016	2015
Profit attributable to owners of the Company (RMB'000)	**1,292,339**	1,432,813
Weighted average number of shares in issue	**1,341,078,000**	1,012,499,175
Basic and diluted earnings per share (RMB per share)	**0.96**	1.42

The Company did not have any dilutive potential ordinary shares outstanding for the year ended 31 December 2016 (2015: same). Diluted earnings per share is equal to basic earnings per share.

12 Dividend

The directors of the Company did not recommend the payment of any dividend for the year ended 31 December 2016 (2015: same).

13 Property, plant and equipment

	Buildings RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements and furniture, fitting and equipment RMB'000	Assets under construction RMB'000	Total RMB'000
As at 1 January 2015						
Cost	18,624	21,757	31,045	–	425,199	496,625
Accumulated depreciation	(8,668)	(7,395)	(16,698)	–	–	(32,761)
Net book amount	9,956	14,362	14,347	–	425,199	463,864
Year ended 31 December 2015						
Opening net book amount	9,956	14,362	14,347	–	425,199	463,864
Additions	–	1,879	2,024	–	388,571	392,474
Disposals	–	(5)	(1,412)	–	–	(1,417)
Depreciation	(3,708)	(4,389)	(6,000)	–	–	(14,097)
Closing net book amount	6,248	11,847	8,959	–	813,770	840,824
At 31 December 2015						
Cost	18,624	23,536	29,548	–	813,770	885,478
Accumulated depreciation	(12,376)	(11,689)	(20,589)	–	–	(44,654)
Net book amount	6,248	11,847	8,959	–	813,770	840,824
Year ended 31 December 2016						
Opening net book amount	**6,248**	**11,847**	**8,959**	**–**	**813,770**	**840,824**
Acquisition of a subsidiary and consolidations of entities previously held as joint ventures (Note 37, 38)	**87,251**	**972**	**4,428**	**6,167**	**–**	**98,818**
Additions	**–**	**8,487**	**17,439**	**43,052**	**331,259**	**400,237**
Transfer	**570,231**	**–**	**–**	**–**	**(570,231)**	**–**
Disposals	**–**	**(1,001)**	**(1,133)**	**–**	**–**	**(2,134)**
Depreciation	**(2,592)**	**(5,731)**	**(6,650)**	**(1,715)**	**–**	**(16,688)**
Closing net book amount	**661,138**	**14,574**	**23,043**	**47,504**	**574,798**	**1,321,057**
At 31 December 2016						
Cost	**675,656**	**27,668**	**44,859**	**49,219**	**574,798**	**1,372,200**
Accumulated depreciation	**(14,518)**	**(13,094)**	**(21,816)**	**(1,715)**	**–**	**(51,143)**
Net book amount	**661,138**	**14,574**	**23,043**	**47,504**	**574,798**	**1,321,057**

13 Property, plant and equipment (Continued)

Depreciation of the property, plant and equipment has been charged to consolidated income statement as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Cost of sales	**789**	407
Selling and marketing costs	**1,978**	1,355
Administrative expenses	**13,921**	12,335
	16,688	14,097

As at 31 December 2016, all buildings were located in the PRC (31 December 2015: same).

Borrowing costs of RMB63,218,000 have been capitalised in assets under construction for the year ended 31 December 2016 (2015: RMB97,463,000). The capitalisation rate of the borrowings of the year ended 31 December 2016 was 6.81% (2015: 10.50%).

Certain property, plant and equipment of the Group with carrying amount of RMB574,798,000 as at 31 December 2016 (31 December 2015: RMB434,910,000) has been pledged for the borrowings of the Group (Note 28).

14 Land use rights

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Opening net book amount	**483,787**	498,590
Acquisition of a subsidiary (Note 38)	**10,682**	—
Amortisation	**(14,951)**	(14,803)
Closing net book amount	**479,518**	483,787

Amounts represent the land use rights of hotels properties. The relevant land use rights are held on leases of 40 years and located in the PRC.

Land use rights with a total carrying amount of RMB479,518,000 as at 31 December 2016 were pledged as collateral for the Group's borrowings (31 December 2015: RMB483,787,000) (Note 28).

15 Investment properties

	Year ended 31 December 2016 RMB'000
Opening balance at 1 January	–
Consolidation of entity previously held as a joint venture (Note 37)	**3,319,000**
Transfer from properties under development	**320,000**
Addition	**57,974**
Fair value gains	**361,026**
Closing balance at 31 December	**4,058,000**
Total gains for the year recognised in profit or loss and included in "Fair value gains on investment properties" of the consolidated income statement — unrealised	**361,026**

15 Investment properties (continued)

As at 31 December 2016, the Group had no unprovided contractual obligations for future repairs and maintenance (31 December 2015: not applicable).

As at 31 December 2016, investment properties of RMB4,058,000,000 (31 December 2015: not applicable) were pledged as collateral for the Group's borrowing (Note 28).

Investment properties are completed investment properties which are shopping malls, office buildings and car parks mainly located in Fuzhou and Shanghai. The fair values of the investment properties are expected to be realised through rental income. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties.

(a) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2016 by independent professionally qualified valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting process.

At each reporting period end, the finance department:

- Verifies all major inputs to the independent valuation report;

- Assesses property valuations movements when compared to the prior period valuation report; and

- Holds discussions with the independent valuer.

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

15 Investment properties (continued)

(b) Valuation techniques

Fair values of the Group's completed investment properties are derived using the income approach. This valuation method takes into account the net rental income of a property derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate.

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

	Property category	Fair value at 31 December 2016 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Commercial properties	3,221,838	Income approach	Term yields	4.5%
				Reversionary yields	5.0%
				Market rents (RMB/square meter/month)	60–195
Completed investment properties	Office buildings	570,000	Income approach	Term yields	4.5%
				Reversionary yields	5.5%
				Market rents (RMB/square meter/month)	19–87
Completed investment properties	Car parks	266,162	Income approach	Term yields	2.5%
				Reversionary yields	3.0%
				Market rents (RMB/square meter/month)	48

15 Investment properties (continued)

(c) Information about fair value measurements using significant unobservable inputs (level 3): (continued)

Relationship of unobservable inputs to fair value:

- The higher the term and reversionary yield, the lower the fair value;
- The higher the market rents, the higher the fair value.

16 Investments accounted for using the equity method

(a) Investments accounted for using the equity method

(i) The amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Joint ventures	**2,603,872**	2,440,419
Associate	**91,660**	94,319
	2,695,532	2,534,738

(ii) The amounts recognised in the consolidated income statement are as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Joint ventures	**445,764**	425,874
Associate	**(2,659)**	(3,335)
	443,105	422,539

16 Investments accounted for using the equity method (continued)

(a) Investments accounted for using the equity method (continued)

(iii) The movement of investments in joint ventures are as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Opening balances	**2,440,419**	2,258,165
Capital injections	**2,127,957**	243,500
Fair value gains on the remeasurement of joint ventures (Note 37)	**278,074**	—
Deemed disposals of joint ventures (Note 37)	**(2,688,342)**	—
Profit distribution from joint ventures	**—**	(487,120)
Share of profits — net	**445,764**	425,874
	2,603,872	2,440,419

16 Investments accounted for using the equity method (continued)

(b) Set out below are major joint ventures and associates of the Group as at 31 December 2016. The place of incorporation or registration is also their principal place of business.

Name of entity		Place of incorporation and business	% of ownership interest	Measurement method	Principal activities
Joint ventures					
福州利博順泰房地產開發有限公司	Fuzhou Liboshuntai Property Development Co., Ltd. ("Fuzhou Liboshuntai")	PRC	50%	Equity	Property development
海融(漳州)房地產有限公司	Hairong (Zhangzhou) Property Co., Ltd.	PRC	50%	Equity	Property development
上海愷泰房地產開發有限公司	Shanghai Kaitai Property Development Co., Ltd. ("Shanghai Kaitai")	PRC	50% (Note(ii))	Equity	Property development
上海愷岱房地產開發有限公司	Shanghai Kaidai Property Development Co., Ltd.	PRC	50%	Equity	Property development
南京愷璟晟房地產開發有限公司	Nanjing Kaijingsheng Property Development Co.,Ltd.	PRC	49% (Note(i),(ii))	Equity	Property development
杭州信辰置業有限公司	Hangzhou Xinchen Property Co., Ltd.	PRC	34% (Note(i))	Equity	Property development
杭州眾旭置業有限公司	Hangzhou Zhongxu Property Co., Ltd.	PRC	30% (Note(i))	Equity	Property development
Associate					
漳州市萬科濱江置業有限公司	Zhangzhou City Wankebinjiang Property Co., Ltd.	PRC	20%	Equity	Property development

(i) According to the cooperation agreements with other co-developers or articles of associations, where applicable, the significant decision makings over the relevant activities of these entities require the unanimous consent of the Group, consequently, the Group considers it has joint controls over these entities.

(ii) As at 31 December 2016, the Group has provided guarantee to borrowings of its joint ventures, Nanjing Kaijingsheng Property Development Co., Ltd. and Shanghai Kaidai amounted to RMB3,000,000,000 and RMB166,910,000 respectively (31 December 2015: the Group has provided guarantee to borrowings of its joint ventures, Shanghai Kaidai, Shiou Group and Fuzhou Liboshuntai, amounted to RMB296,910,000, RMB2,689,500,000 and RMB45,000,000, respectively).

16 Investments accounted for using the equity method (continued)

(c) Summarised financial information for joint ventures and associate

(i) Set out below is the summarised financial information for Fuzhou Liboshuntai for the year ended 31 December 2016.

Summarised balance sheet

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Other non-current assets	**42**	88
	42	88
Current		
Properties under development	**–**	509,727
Completed properties held for sale	**337,634**	447,312
Amounts due from shareholders	**634,010**	574,010
Trade and other receivables	**26,291**	107,570
Prepaid income tax	**–**	22,560
Cash and cash equivalents	**65,047**	248,719
	1,062,982	1,909,898
Total assets	**1,063,024**	1,909,986
LIABILITIES		
Non-current liabilities		
Borrowings	**–**	195,000
Current liabilities		
Borrowings	**–**	150,000
Advances received from pre-sale properties	**19,932**	1,336,290
Trade and other payables	**315,846**	62,000
Current income tax liabilities	**198,869**	–
	534,647	1,548,290
Total liabilities	**534,647**	1,743,290
Net assets	**528,377**	166,696

16 Investments accounted for using the equity method (continued)

(c) Summarised financial information for joint ventures and associate (continued)

(i) Set out below is the summarised financial information for Fuzhou Liboshuntai for the year ended 31 December 2016. (continued)

Summarised income statement and statement of comprehensive income

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Revenue	**1,792,012**	856,162
Cost of sales	**(1,161,613)**	(586,648)
Selling and marketing costs	**(11,559)**	(20,580)
Administrative expenses	**(6,238)**	(10,568)
Interest income	**351**	461
Other income and other expenses, net	**843**	266
Profit before income tax	**613,796**	239,093
Income tax expenses	**(252,115)**	(99,727)
Profit for the year	**361,681**	139,366
Other comprehensive income	**—**	—
Total comprehensive income for the year	**361,681**	139,366
The joint venture's commitments	**—**	862,796
The joint venture's financial guarantee contracts	**1,327,803**	1,092,489

No dividend has been paid or declared by Fuzhou Liboshuntai since its establishment.

16 Investments accounted for using the equity method (continued)

(c) Summarised financial information for joint ventures and associate (continued)

(i) Set out below is the summarised financial information for Fuzhou Liboshuntai for the year ended 31 December 2016. (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Fuzhou Liboshuntai

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Opening net assets	**166,696**	27,330
Profit and total comprehensive income for the year	**361,681**	139,366
Closing net assets	**528,377**	166,696
Interest in joint ventures	**264,189**	83,348
Carrying value of the Group's interest in Fuzhou Liboshuntai	**264,189**	83,348

16 Investments accounted for using the equity method (continued)

(c) Summarised financial information for joint ventures and associate (continued)

(ii) Set out below is the summarised financial information for Shanghai Kaitai for the year ended 31 December 2016.

Summarised balance sheet

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Deferred tax assets	**—**	4,143
Other non-current assets	**33**	49
	33	4,192
Current		
Properties under development	**5,993,742**	6,082,054
Completed properties held for sale	**2,140,797**	—
Trade and other receivables	**47,022**	36,750
Prepaid income taxes	**—**	21,266
Cash and cash equivalents	**787,291**	609,651
	8,968,852	6,749,721
Total assets	**8,968,885**	6,753,913
LIABILITIES		
Non-current liabilities		
Borrowings	**333,820**	593,820
Current liabilities		
Advances received from pre-sales of properties	**2,503,322**	1,057,158
Amounts due to shareholders	**1,420,910**	1,425,536
Trade and other payables	**2,082,615**	1,679,830
Current income tax liability	**212,685**	—
	6,219,532	4,162,524
Total liabilities	**6,553,352**	4,756,344
Net assets	**2,415,533**	1,997,569

16 Investments accounted for using the equity method (continued)

(c) Summarised financial information for joint ventures and associate (continued)

(ii) Set out below is the summarised financial information for Shanghai Kaitai for the year ended 31 December 2016. (continued)

Summarised income statement and statement of comprehensive income

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Revenue	**1,543,346**	—
Cost of sales	**(814,564)**	—
Selling and marketing costs	**(13,666)**	(11,407)
Administrative expenses	**(1,197)**	(3,088)
Interest income	**2,214**	656
Other income	**119**	—
Profit/(loss) before income tax	**716,252**	(13,839)
Income tax (expense)/credit	**(298,288)**	3,459
Profit/(loss) for the year	**417,964**	(10,380)
Other comprehensive income	**—**	—
Total comprehensive income/(loss) for the year	**417,964**	(10,380)
The joint venture's commitments	**2,278,337**	1,840,726
The joint venture's financial guarantee contracts	**521,654**	95,079

No dividend has been paid or declared by the joint venture since its establishment.

16 Investments accounted for using the equity method (continued)

(c) Summarised financial information for joint ventures and associate (continued)

(ii) Set out below is the summarised financial information for Shanghai Kaitai for the year ended 31 December 2016. (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Shanghai Kaitai

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Opening net assets	**1,997,569**	2,007,949
Profit/(loss) and total comprehensive income/(loss)	**417,964**	(10,380)
Closing net assets	**2,415,533**	1,997,569
Interest in joint ventures	**1,207,767**	998,785
Carrying value of the Group's interest in Shanghai Kaitai	**1,207,767**	998,785

(iii) The Group's interests in joint ventures, other than Fuzhou Liboshuntai and Shanghai Kaitai, which are individually immaterial to the Group, as at 31 December 2016 are RMB1,131,916,000 (31 December 2015: RMB1,358,286,000). Set out below is the summarised financial information of the Group's interests in these individually immaterial joint ventures in aggregate.

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
The Group's share of these joint ventures':		
— profit for the year	**55,941**	38,804
— other comprehensive income	**—**	—
— total comprehensive income for the year	**55,941**	38,804

16 Investments accounted for using the equity method (continued)

(c) Summarised financial information for joint ventures and associate (continued)

(iv) The Group's interests in associate which are immaterial to the Group as at 31 December 2016 are RMB91,660,000 (31 December 2015: RMB94,319,000). Set out below is the summarised financial information in respect of the Group's interests in the associate.

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
The Group's share of the associate's:		
— loss for the year	**(2,659)**	(3,335)
— other comprehensive income	**—**	—
— total comprehensive loss for the year	**(2,659)**	(3,335)

17 Financial instruments by category

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Financial assets:		
Loans and receivables		
— Trade receivable, notes receivables and other receivables	**2,424,591**	433,163
— Amounts due from joint ventures	**229,101**	—
— Amounts due from customers for contract works	**1,249,435**	143,361
— Restricted cash	**907,034**	74,458
— Cash and cash equivalents	**11,525,557**	2,742,466
— Term deposits	**4,317,169**	1,021,799
— Available-for-sale financial assets	**57,724**	87,000
	20,710,611	4,502,247
Financial liabilities:		
Liabilities at amortised cost		
— Trade and other payables, excluding accrual for staff costs and allowances and other taxes payable	**10,620,085**	2,177,971
— Amounts due to a joint venture and other related parties	**1,474,137**	265,007
— Borrowings	**39,417,264**	16,372,563
	51,511,486	18,815,541

18 Properties under development and completed properties held for sale

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Properties under development:		
— Construction costs	**7,173,551**	3,868,688
— Capitalised interests	**4,843,820**	3,082,275
— Land use rights	**19,597,345**	16,387,466
	31,614,716	23,338,429
Completed properties held for sale:		
— Construction costs	**4,480,617**	878,999
— Capitalised interests	**952,358**	200,704
— Land use rights	**2,139,792**	222,185
	7,572,767	1,301,888

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

The capitalisation rate of the borrowings was 6.81% for the year ended 31 December 2016 (2015: 10.50%).

Completed properties held for sale and properties under development with a total carrying amount of RMB24,570,618,000 as at 31 December 2016 were pledged as collateral for the Group's borrowings (31 December 2015: RMB14,045,568,000) (Note 28).

19 Trade and other receivables and prepayments

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Trade receivables (Note (a))	**109,051**	26,804
Notes receivable	**1,305**	—
Other receivables		
— Amounts due from minority shareholders	**1,351,105**	—
— Bidding deposits for acquisition of land use rights	**40,000**	181,880
— Deposits for construction contracts (Note (b))	**64,545**	98,482
— Receivables from local governments	**440,845**	66,627
— Others	**417,740**	59,370
	2,314,235	406,359
Prepayments		
— Prepayments for acquisition of land use rights	**28,897,965**	1,061,285
— Prepaid value added tax, business taxes and other taxes	**763,305**	345,472
— Others	**17,464**	28,645
	29,678,734	1,435,402
Trade and other receivables and prepayments	**32,103,325**	1,868,565

(a) Aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Within one year	**82,856**	23,708
Over one year	**26,195**	3,096
	109,051	26,804

Proceeds receivable in respect of sale of properties is settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balance within 90 days as specified in the sales and purchase agreements.

As at 31 December 2016, trade receivables of RMB26,195,000 were past due but not impaired (31 December 2015: RMB3,096,000). These relate to a number of independent customers for whom there is no significant financial difficulty. Management is of the view that the overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales.

19 Trade and other receivables and prepayments (continued)

(b) The amounts represented deposits for construction contacts of resettlement housing (Note 20).

(c) As at 31 December 2016, the Group's trade receivables, notes receivables and other receivables were all denominated in RMB (31 December 2015: same).

(d) As at 31 December 2016, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2015: same). No material trade and other receivables were impaired as at 31 December 2016 (31 December 2015: same).

20 Amounts due from customers for contract works

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Contracts in progress at the end of the year:		
Contract costs incurred plus recognised profits	**1,450,891**	272,601
Less: progress billings	**(201,456)**	(129,240)
	1,249,435	143,361

Amounts due from customers for contract works arise from the Group's involvement in constructions of resettlement housing and land development projects.

According to the agreements of acquisition of land use rights entered into with certain local governments, as part of the consideration to obtain the land use rights, certain subsidiaries of the Group were required to construct houses for the respective governments.

According to an agreement with a local government, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities in a land development project located in Zhengzhou. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from the sale of the land plots (including related public utilities fees, if any).

21 Restricted cash

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Restricted cash from properties presale proceeds	**488,329**	62,810
Security for borrowings	**324,336**	11,648
Security for issuance of commercial bills	**94,369**	—
	907,034	74,458

The restricted cash as at 31 December 2016 and 2015 was denominated in RMB.

22 Cash and cash equivalents and term deposits

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Cash and cash equivalents denominated in: (Note (a))		
— RMB	**11,472,816**	2,731,751
— US$	**36,550**	10,675
— HK$	**16,191**	40
	11,525,557	2,742,466
Term deposits: (Note (a) & (b))		
— RMB	**2,344,980**	322,751
— US$	**1,972,189**	699,048
	4,317,169	1,021,799

22 Cash and cash equivalents and term deposits (continued)

(a) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) The weighted average effective interest rate of the Group's term deposits as at 31 December 2016 is 0.58% per annum (31 December 2015: 1.42%). As at 31 December 2016, term deposits of RMB640,000,000 (31 December 2015: nil) will be matured after 1 year and included in the non-current assets of the consolidated balance sheet. The carrying amounts of the Group's term deposits approximate their fair values, as the impact of discounting is not significant.

23 Available-for-sale financial assets

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
At 1 January	**87,000**	21,000
Additions	**222,000**	86,000
Disposals	**(251,276)**	(20,000)
At 31 December	**57,724**	87,000
Less: non-current portion	**(33,724)**	(46,000)
Current portion	**24,000**	41,000

The Group's available-for-sale financial assets mainly represent the Group's investments in wealth management products, which can be redeemed upon request by the Group:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Wealth management products issued by:		
— big four commercial banks of the PRC	**24,000**	40,000
— trust company	**33,724**	46,000
— asset management company	**—**	1,000
	57,724	87,000

23 Available-for-sale financial assets (continued)

The available-for-sale financial assets are denominated in RMB as at 31 December 2016 (31 December 2015: same).

The maximum exposure to credit risk at 31 December 2015 and 2016 is the carrying value of the investments classified as available-for-sale. None of these financial assets is either past due or impaired.

24 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2015	100	0.001	—	—	—
Capital injection from the then shareholder of the Company (Note (a))	900	0.009	—	989,745	989,745
At 31 December 2015	1,000	0.01	—	989,745	989,745
At 1 January 2016	1,000	0.01	—	989,745	989,745
Issue of shares in connection with the capitalisation issue (Note(b))	1,012,499,000	10,125	9	(9)	—
Issue of shares in connection with the Company's listing (Note(c))	339,848,000	3,398	3	1,540,694	1,540,697
Share issuance costs (Note(c))	—	—	—	(44,761)	(44,761)
At 31 December 2016	1,352,348,000	13,523	12	2,485,669	2,485,681

The authorised share capital of the Company as at 31 December 2015 and 2016 was HK$380,000 divided into 38,000,000,000 shares.

(a) Capital injection

During the year ended 31 December 2015, the Company allotted and issued 900 shares to Dingxin Company Limited ("Dingxin"), the immediate parent company of the Company, at a consideration of US$161,300,000 (equivalent to RMB989,745,000).

24 Share capital and share premium (continued)

(b) Capitalisation issue

On the Listing Date, the Company issued 1,012,499,000 ordinary shares at par value of HK$0.00001 each to holders of shares on the register of members of the Company at the close of business on the business day immediately preceding the Listing Date by way of capitalisation of an amount of HK$10,125 standing to the credit of the share premium account of the Company.

(c) Issue of shares in connection with the Company's listing

On the Listing Date, the Company issued a total of 337,500,000 ordinary shares of HK$0.00001 each at a price of HK$5.36 per share as a result of the completion of the initial public offering.

On 28 January 2016, 2,348,000 shares were issued according to the over-allotment option described in the prospectus of the Company dated 31 December 2015 at a price of HK$5.36 per share.

Number of total issued shares of the Company was increased to 1,352,348,000 shares upon completion of the capitalisation issue, the initial public offering and exercise of over-allotment option.

Share issuance costs of RMB44,761,000 that were directly attributable to the issuance of ordinary shares in connection with the initial public offering and the exercise of over-allotment option were treated as a deduction from share premium.

25 Capital reserves

Capital reserves mainly represented accumulated capital contribution from the then shareholders of the group companies.

26 Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

27 Perpetual Capital Instruments

During the year ended 31 December 2016, certain group companies issued certain subordinated Perpetual Capital Instruments (the "Perpetual Capital Instruments"). The Perpetual Capital Instruments do not have maturity dates and the distribution payments can be deferred at the discretion of either the group companies or the Company. Therefore, the Perpetual Capital Instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the group companies or the Company elects to declare dividends to their shareholders, the group companies shall make distributions to the holders of Perpetual Capital Instruments at the distribution rates as defined in the subscription agreements. Movements of the Perpetual Capital Instruments are as follows:

	Principal RMB'000	**Distribution/ appropriation of profit RMB'000**	**Total RMB'000**
Balance as at 1 January 2016	—	—	—
Issuance of Perpetual Capital Instruments	4,700,000	—	4,700,000
Redemption of Perpetual Capital Instruments	(1,500,000)	—	(1,500,000)
Profit attributable to holders of Perpetual Capital Instruments	—	102,019	102,019
Distributions made to holders of Perpetual Capital Instruments	—	(69,486)	(69,486)
Balance as at 31 December 2016	3,200,000	32,533	3,232,533

28 Borrowings

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings — secured (Note (f))	**6,246,252**	1,622,000
Other borrowings — secured (Note (a), (f))	**17,322,660**	10,779,100
— made by entrusted banks	**16,240,500**	8,448,000
— made by financial institutions directly	**1,082,160**	2,331,100
Asset backed securities (Note (b))	**827,200**	—
Public Corporate Bonds — unsecured (Note (c))	**2,453,928**	1,171,463
Private Corporate Bonds – unsecured (Note (d))	**8,407,269**	—
Senior notes – unsecured (Note (e))	**1,178,955**	—
Less: current portion of non-current borrowings	**(4,752,520)**	(6,646,500)
	31,683,744	6,926,063
Borrowings included in current liabilities:		
Bank borrowings — secured (Note (f))	**200,000**	—
Other borrowings — secured (Note (a), (f))	**2,781,000**	2,800,000
— made by entrusted banks	**1,890,000**	—
— made by financial institutions directly	**891,000**	2,800,000
Current portion of non-current borrowings	**4,752,520**	6,646,500
	7,733,520	9,446,500
Total borrowings	**39,417,264**	16,372,563

28 Borrowings (continued)

(a) Certain group companies in the PRC have entered into fund arrangements with trust companies, security companies and assets management companies, respectively, pursuant to which these financial institutions raised funds and injected them, directly or through entrusted banks, to the group companies. Certain equity interests of the group companies were held by the financial institutions as collaterals of which the Group is obligated to redeem at predetermined prices (Note 35(c)). The funds bear fixed interest rates and have fixed repayment terms.

(b) In July 2016, the Group issued asset-back securities which are backed by the receivables for the balance payment of properties sold with a three-year tenure and coupon rates ranged from 4.8% to 5.4%. The asset-back securities of the Group amounted to RMB827,200,000 as at 31 December 2016 (31 December 2015: nil).

(c) During the year ended 31 December 2015, Rongxin (Fujian) Investment Group Co., Ltd. ("Rongxin Fujian"), a group company incorporated in PRC, was authorised by relevant PRC government authorities to publicly issue corporate bonds with an aggregate principal amount of up to RMB2.5 billion to qualified investors ("Public Corporate Bonds"). As at 31 December 2016, the aggregated principal amounts of the issued Public Corporate Bonds is RMB2.5 billion, and the maturity dates are 3 years from the issuance dates. The coupon rates of the issued Public Corporate Bonds ranged from 6.2% to 6.4% per annum. Upon the maturity dates, Rongxin Fujian has an option to increase the coupon rate by not more than 1% and extend the maturity of the bonds with an additional 2 years while the bonds holders can choose to redeem the bonds.

(d) During the year ended 31 December 2015, Rongxin Fujian was authorised by relevant PRC government authorities to privately issue corporate bonds with an aggregate principal amount of up to RMB8.5 billion to qualified investors ("Private Corporate Bonds"). As at 31 December 2016, the aggregated principal amounts of the issued Private Corporate Bonds is RMB8.5 billion, and the maturity dates are 2–3 years from the issuance dates. The coupon rates of the issued Private Corporate Bonds ranged from 5.80% to 7.89% per annum. Upon the maturity dates, Rongxin Fujian has an option to increase the coupon rate of RMB7.5 billion of the Private Corporate Bonds and extend the maturity of these bonds with an additional 1–2 years while the bonds holders can choose to redeem the bonds.

28 Borrowings (continued)

(e) In December 2016, the Company issued 6.95%, 3 years senior notes, with aggregated nominal value of US$175,000,000 at 98.547% of the face value. The net proceeds, after deducting the issuance costs, accounting to US$169,816,000 (equivalent to approximately RMB1,178,011,000). The senior notes are denominated in US$. The Company shall, at the option of any holder of the senior notes, repurchase all of the senior notes held by such holder at any time on or after 8 December 2018 at 100.00% of the principal amount of such senior notes plus accrued and unpaid interest. The senior notes are guaranteed by certain existing non-PRC subsidiaries of the Group.

(f) As at 31 December 2016, the Group's secured bank and other borrowings were secured by the Group's assets which include completed properties held for sale, properties under development, investment properties, property, plant and equipment, land use rights, equity interests of certain subsidiaries and restricted cash (31 December 2015: secured by completed properties held for sale, properties under development, property, plant and equipment, land use rights, equity interests of certain subsidiaries and restricted cash). In addition to pledge of the Group's assets, Mr. Ou has provided personal guarantee for the bank and other borrowings of RMB1,850,951,000 as at 31 December 2016 (31 December 2015: RMB7,912,000,000).

(g) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity dates whichever is earlier is as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
6 months or less	**3,969,852**	5,343,000
6–12 months	**5,903,000**	4,395,100
1–5 years	**28,624,912**	6,634,463
Over 5 years	**919,500**	—
Total	**39,417,264**	16,372,563

(h) The maturity of the borrowings is as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Within 1 year	**7,733,520**	9,446,500
1–2 years	**18,061,179**	4,654,600
2–5 years	**12,703,065**	2,271,463
Over 5 years	**919,500**	—
Total	**39,417,264**	16,372,563

28 Borrowings (continued)

(i) The weighted average effective interest rates are as follows:

	As at 31 December	
	2016	2015
Bank borrowings	**5.54%**	6.89%
Other borrowings	**6.64%**	11.28%
Asset backed securities	**5.62%**	—
Public Corporate Bonds	**7.31%**	6.41%
Private Corporate Bonds	**7.98%**	—
Senior notes	**8.25%**	—
Weighted average effective interest rates	**6.81%**	10.50%

(j) The Group's borrowings are denominated in:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
— RMB	**38,238,309**	16,372,563
— US$	**1,178,955**	—
	39,417,264	16,372,563

(k) The fair value of senior notes included in non-current borrowings as at 31 December 2016 is RMB1,196,154,000, which is quoted in Singapore Exchange Ltd. and within level 1 of the fair value hierarchy. The carrying amounts of borrowings other than senior notes approximate their fair values as at 31 December 2016 as either the impact of discounting is not significant or the borrowings carry floating rates of interests (31 December 2015: same).

29 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Deferred tax assets		
— Deferred tax assets to be recovered within 12 months	**170,182**	48,732
— Deferred tax assets to be recovered after 12 months	**88,767**	102,550
	258,949	151,282
Deferred tax liabilities		
— Deferred tax liabilities to be recovered within 12 months	**(186,875)**	—
— Deferred tax liabilities to be recovered after 12 months	**(1,292,658)**	—
	(1,479,533)	—
Deferred tax (liabilities)/assets — net	**(1,220,584)**	151,282

The gross movement on the deferred tax accounts is as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
At 1 January	**151,282**	134,412
(Charged)/credited to the consolidated income statement (Note 10)	**(31,193)**	16,870
Acquisition of a subsidiary and consolidations of entities previously held as joint ventures (Note 37, 38)	**(1,340,673)**	—
At 31 December	**(1,220,584)**	151,282

29 Deferred income tax (Continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances with the same tax jurisdiction, is as follows:

	Deferred tax assets — tax losses and others RMB'000	Deferred tax liabilities — fair value gains RMB'000
At 1 January 2015	134,412	—
Credited to the consolidated income statement (Note 10)	16,870	—
At 31 December 2015	151,282	—
At 1 January 2016	**151,282**	**—**
Acquisition of a subsidiary and consolidations of entities previously held as joint ventures (Note 37, 38)	**—**	**(1,340,673)**
Credited/(charged) to the consolidated income statement (Note 10)	**107,667**	**(138,860)**
At 31 December 2016	**258,949**	**(1,479,533)**

Deferred tax liabilities of RMB297,186,000 (31 December 2015: RMB193,158,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested.

30 Trade and other payables

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Trade payables (Note a)	**3,661,156**	1,640,102
Amounts due to minority shareholders	**5,184,526**	—
Interests payable	**551,124**	61,988
Amounts due to a trust company	**388,639**	—
Notes payable	**323,891**	—
Deposits from contractors and suppliers	**204,441**	125,282
Other taxes payable	**223,926**	17,537
Accrued payroll	**103,236**	78,124
Deposits received for sales of properties	**95,372**	252,607
Others	**210,936**	97,992
	10,947,247	2,273,632

(a) The ageing analysis of the trade payables is as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Within one year	**1,765,614**	1,037,255
Over one year	**1,895,542**	602,847
	3,661,156	1,640,102

Trade and other payables as at 31 December 2016 were mainly denominated in RMB (31 December 2015: same).

31 Cash (used in)/generated from operations

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit before income tax	**2,569,768**	2,464,038
Adjustments for:		
— Depreciation of property, plant and equipment (Note 13)	**16,688**	14,097
— Interest income from bank deposits	**(60,210)**	(11,037)
— Net foreign exchange gains	**(71,336)**	(52,663)
— Finance costs on disposal of amounts due from joint ventures and an associate	**—**	74,876
— Amortisation of intangible assets and land use rights	**1,589**	1,035
— Gains from disposal of property, plant and equipment	**(775)**	(638)
— Fair value gains on investment properties	**(361,026)**	—
— Fair value gains on remeasurement of joint ventures	**(278,074)**	—
— Share of profits of investments accounted for using the equity method, net	**(443,105)**	(422,539)
Changes in working capital:		
— Properties under development and completed properties held for sale	**(1,077,003)**	(6,045,188)
— Trade and other receivables	**(1,419,345)**	(200,630)
— Prepayments	**(28,190,287)**	5,903,953
— Pre-sale proceeds received from customers	**9,618,867**	1,983,127
— Trade and other payables	**4,026,619**	288,955
— Restricted cash	**(519,888)**	94,126
Cash (used in)/generated from operations	**(16,187,518)**	4,091,512

32 Financial guarantee

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (Note (a), (b))	**17,049,550**	6,412,925
Guarantee provided for the borrowings of the joint ventures (Note (b) and Note 16(b)(ii))	**3,166,910**	3,031,410
	20,383,370	9,444,335

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of loss of the Group resulting from the default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) Amounts represented the maximum exposure of the guarantees provided by the Group.

33 Commitments

(a) Commitments for property development expenditures and equity investments as at 31 December 2016 were as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Contracted but not provided for		
— Property development activities	**4,446,705**	4,038,906
— Land use rights	**9,670,950**	3,310,000
— Equity investment	**526,500**	—
	14,644,155	7,348,906

(b) Operating leases commitments – the Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
— Not later than one year	**16,540**	17,948
— Later than one year and not later than three years	**23,983**	9,457
	40,523	27,405

34 Related party transactions

(a) Major related parties that had transactions during the year with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou	Controlling Shareholder and director of the Company
Dingxin	Immediate parent company of the Company
Rongxin (Fujian) Property Management Co., Ltd. 融信(福建)物業管理有限公司	A company controlled by the Controlling Shareholder
Fujian Shiou Property Management Co., Ltd. 福建世歐物業管理有限公司	A company controlled by the Controlling Shareholder
Fuzhou Liboshuntai	Joint Venture
Hairong (Zhangzhou) Property Co., Ltd 海融(漳州)房地產有限公司	Joint Venture
Hangzhou Zhongxu Property Co., Ltd 杭州眾旭置業有限公司	Joint Venture
Hangzhou Xinchen Property Co., Ltd 杭州信辰置業有限公司	Joint Venture
Nanjing Kaijingsheng Property Development Co., Ltd 南京愷璟晟房地產開發有限公司	Joint Venture

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

34 Related party transactions (continued)

(b) Key management compensation

Compensation for key management other than those for directors as disclosed in note 8(a) is set out below.

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Key management compensation:		
— Salaries and other employee benefits	**2,948**	2,059
— Pension costs	**82**	64
	3,030	2,123

(c) Balances with related parties

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Amounts due from joint ventures:		
— Hangzhou Zhongxu Property Co., Ltd.	**218,558**	—
— Hangzhou Xinchen Property Co., Ltd.	**8,875**	—
— Hairong (Zhangzhou) Property Co., Ltd.	**1,668**	—
	229,101	—

34 Related party transactions (continued)

(c) Balances with related parties (continued)

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Amounts due to a joint venture:		
— Nanjing Kaijingsheng Property Development Co.,Ltd.	**1,377,681**	—
Amounts due to other related parties:		
— Mr. Ou	**85,998**	237,500
— Fujian Shiou Property Management Co., Ltd.	**9,967**	—
— Dingxin	**491**	460
— Rongxin (Fujian) Property Management Co., Ltd.	**—**	27,047
	1,474,137	265,007

Amounts due from joint ventures as at 31 December 2016 mainly represent the cash advances which are unsecured, interest-free, repayable on demand and denominated in RMB.

Amounts due to a joint venture. Mr. Ou and Dingxin as at 31 December 2016 mainly represent cash advances which are unsecured, interest-free, repayable on demand and denominated in RMB (31 December 2015: same).

Amounts due to Fujian Shiou Property Management Co., Ltd. and Rongxin (Fujian) Property Management Co., Ltd. represent mainly the payables of property management fees which are unsecured, interest free, and to be settled according to agreed terms and are denominated in RMB.

34 Related party transactions (continued)

(d) Transactions with related parties

Save as disclosed elsewhere in these consolidated financial statements, during the year ended 31 December 2016, the Group had the following transactions with related parties.

The directors of the Company are of the opinion that the following related party transactions were conducted on normal commercial terms and in the ordinary course of business.

Property management services provided by related parties

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
— Fujian Shiou Property Management Co., Ltd.	**34,373**	—
— Rongxin (Fujian) Property Management Co., Ltd.	**690**	38,941
	35,063	38,941

35 Particulars of principal subsidiaries

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

Name of companies		Type of legal status	Place of operation/ establishment	Principal activities	Authorised/registered/ paid up capital and debt securities	Proportion of ownership interest held by the Group at 31 December		Proportion of ownership interest held by non-controlling interests at 31 December	
						2016	2015	**2016**	2015
Directly held by the Company:									
融達有限公司	Rongda Company Limited	Limited liability company	BVI	Investment Holdings	Authorised and paid up capital of US$100	**100%**	100%	**–**	–
Indirectly held by the Company:									
融泰有限公司	Rongtai Company Limited	Limited liability company	Hong Kong	Investment Holdings	Paid up capital of HK$100	**100%**	100%	**–**	–
福建融晟美商務資訊諮詢有限公司	Fujian Rongshengmei Business Information Consultation Co., Ltd.	Limited liability company	PRC	Business Information Consultation	Registered capital of RMB100,000,000 and paid up capital of nil	**100%**	100%	**–**	–
福州晟業投資有限公司	Fuzhou Shengye Co., Ltd.	Limited liability company	PRC	Investment Holdings	Registered and paid up capital of RMB100,000,000	**100%**	100%	**–**	–
福州羿恒投資有限公司	Fuzhou Yiheng Co., Ltd.	Limited liability company	PRC	Investment Holdings	Registered and paid up capital of RMB100,000,000	**100%**	100%	**–**	–
融信(福建)投資集團有限公司	Rongxin Fujian	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB3,625,000,000; Public Corporate Bond of RMB 2,453,928,000 (Note 28 (c)) and Private Corporate Bond of RMB8,407,269,000 (Note 28 (d))	**100%**	100%	**–**	–
融信(福州)置業有限公司	Rongxin (Fuzhou) Property Co., Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB189,583,300	**80%**	91%	**20%**	9%
融信(廈門)房地產開發有限公司	Rongxin (Xiamen) Property Development Co., Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB200,000,000	**100%**	100%	**–**	–
融信(平潭)投資發展有限公司	Rongxin (Pingtan) Investment Development Co., Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB196,078,400	**51%**	51%	**49%**	49%
和美(上海)房地產開發有限公司	Hemei (Shanghai) Property Development Co., Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB19,607,843	**51%**	51%	**49%**	49%
福建藍湖房地產開發有限公司	Fujian Lanhu Property Development Co., Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB110,000,000	**100%**	100%	**–**	–

35 Particulars of principal subsidiaries (continued)

(a) The following is a list of the principal subsidiaries at 31 December 2016: (continued)

Name of companies		Type of legal status	Place of operation/ establishment	Principal activities	Authorised/registered/ paid up capital and debt securities	Proportion of ownership interest held by the Group at 31 December 2016	2015	Proportion of ownership interest held by non-controlling interests at 31 December 2016	2015
杭州愷築融信房地產開發有限公司	Hangzhou Kaizhu Rongxin Property Development Co., Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB510,000,000	**51%**	51%	**49%**	49%
福州融信雙杭投資發展有限公司	Fuzhou Rongxin Shuanghang Investment Development Co., Ltd.	Limited liability company	PRC	Property Development	Registered capital of RMB200,000,000 and paid up capital of RMB100,000,000	**100%**	100%	**–**	–
融信(福建)置業有限公司	Rongxin (Fujian) Property Co., Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB100,000,000	**100%**	100%	**–**	–
杭州融信愷昇房地產開發有限公司	Hangzhou Rongxin Kaisheng Property Development Co.,Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB1,000,000,000	**100%**	100%	**–**	–
福建世歐投資發展有限公司	Fujian Shiou Investment Development Co., Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB500,000,000	**50% (note(i))**	–	**50%**	–
上海愷譽房地產開發有限公司	Shanghai Kaiyu Property Development Co.,Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB425,000,000	**50% (note(i))**	–	**50%**	–

35 Particulars of principal subsidiaries (continued)

(a) The following is a list of the principal subsidiaries at 31 December 2016: (continued)

Name of companies		Type of legal status	Place of operation/ establishment	Principal activities	Authorised/registered/ paid up capital and debt securities	Proportion of ownership interest held by the Group at 31 December		Proportion of ownership interest held by non-controlling interests at 31 December	
						2016	2015	**2016**	2015
上海愷冠臻房地產開發有限公司	Shanghai Kaiguanzhen Property Development Co.,Ltd.	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB5,500,000,000	**50% (note(i))**	–	**50%**	–
福建泰坤貿易有限公司	Fujian Taikun Trading Co., Ltd.	Limited liability company	PRC	Investment Holdings	Registered and paid up capital of RMB5,000,000	**100%**	100%	**–**	–

(i) After making the assessments and judgments as disclosed in Note 4(a), the Group considers it has control over these entities as at 31 December 2016.

(ii) These entities were controlled by certain non-wholly owned subsidiaries of the Group.

The English names of PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

35 Particulars of principal subsidiaries (continued)

(b) Certain equity interests in the subsidiaries of the Company were pledged for financing arrangements of the Group as at 31 December 2016 (Note 28(b)).

	As at 31 December	
	2016	2015
Percentage of equity interests in:		
— Rongxin (Xiamen) Property Development Co., Ltd.	**100%**	51%
— Hangzhou Kaizhu Rongxin Property Development Co., Ltd.	**51%**	10%
— Hemei (Shanghai) Property Development Co., Ltd.	**51%**	100%
— Hangzhou Rongxin Kaisheng Property Development Co., Ltd.	**100%**	100%
— Changle Rongxin Investment Co., Ltd.	**10%**	100%
— Fujian Taikun Trading Co., Ltd.	**42%**	100%
— Hemei (Zhangzhou) Property Co., Ltd.	**—**	51%
— Fujian Lanhu Property Development Co., Ltd.	**—**	51%
— Rongxin (Fujian) Property Co., Ltd.	**—**	66%
— Rongxin (Fujian) Investment Group Co., Ltd.	**—**	14%
— Rongxin (Pingtan) Investment Development Co., Ltd.	**—**	100%
— Rongxin (Zhangzhou) Property Co., Ltd.	**—**	100%
— Rongda Company Limited	**100%**	—
— Hangzhou Kaize Property Development Co., Ltd.	**51%**	—
— Hangzhou Rongyue Property Development Co., Ltd.	**51%**	—
— Hangzhou Kaixing Property Development Co., Ltd.	**75%**	—
— Hangzhou Rongxin Property Development Co., Ltd.	**25.5%**	—
— Hangzhou Rongyu Property Development Co., Ltd.	**51%**	—
— Hangzhou Kairong Property Development Co., Ltd.	**26%**	—
— Rongxin Xinlingyu (Xiamen) Property Development Co., Ltd.	**100%**	—
— Shanghai Kaiheng Property Development Co., Ltd.	**50%**	—
— Kunshan Rongxin Kaiting Property Development Co., Ltd.	**50%**	—
— Hangzhou Xinhong Property Co., Ltd.	**70%**	—

35 Particulars of principal subsidiaries (continued)

(c) Equity interests of certain subsidiaries of the Group as set out below were legally held by the financial institutions as the collateral for the funds injected to the Group of which the Group is obligated to redeem at predetermined prices within certain periods (Note 28).

	As at 31 December	
	2016	2015
Percentage of equity interests in:		
— Changle Rongxin Investment Co., Ltd	**90%**	—
— Rongxin (Xiamen) Property Development Co., Ltd.	**—**	49%
— Hangzhou Kaizhu Rongxin Property Development Co., Ltd.	**—**	90%
— Hemei (Zhangzhou) Property Co., Ltd.	**—**	49%
— Fujian Lanhu Property Development Co., Ltd.	**—**	49%
— Fujian Ouke Investment Co., Ltd.	**—**	100%

35 Particulars of principal subsidiaries (continued)

(d) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests material to the Group.

(i) Shanghai Kaiguanzhen Property Development Co., Ltd.

Summarised balance sheet

	As at 31 December 2016 RMB'000
Current	
Assets	**11,010,871**
Liabilities	**(5,510,872)**
Total net current assets	**5,499,999**
Non-current	
Assets	**–**
Liabilities	**–**
Total net non-current assets	**–**
Net assets	**5,499,999**
Proportionate share of the net assets attributable to non-controlling interests	**2,750,000**

35 Particulars of principal subsidiaries (continued)

(d) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests material to the Group (continued).

(i) Shanghai Kaiguanzhen Property Development Co., Ltd. (continued)

Summarised income statement and statement of comprehensive income

	For the period from 12 September 2016 (date of incorporation) to 31 December 2016 RMB'000
Loss before income tax	1
Income tax credit	–
Loss for the year	1
Total comprehensive loss for the year	1
Total loss and comprehensive loss for the year allocated to non-controlling interests	1

Summarised statement of cash flows

	For the period from 12 September 2016 (date of incorporation) to 31 December 2016 RMB'000
Net cash used in operating activities	(11,010,094)
Net cash used in investing activities	–
Net cash generated from financing activities	11,010,210
Net increase in cash and cash equivalents	116
Cash and cash equivalents at beginning of the period	–
Cash and cash equivalents at end of the period	116

35 Particulars of subsidiaries (continued)

(d) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests material to the Group (continued).

(ii) Hemei (Shanghai) Property Development Co., Ltd.

Summarised consolidated balance sheet

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
Current		
Assets	**17,794,505**	9,897,964
Liabilities	**(13,875,655)**	(6,495,452)
Total net current assets	**3,918,850**	3,402,512
Non-current		
Assets	**297,776**	62,324
Liabilities	**(2,195,000)**	(2,589,000)
Total net non-current liabilities	**(1,897,224)**	(2,526,676)
Net assets	**2,021,626**	875,836
Proportionate share of the net assets attributable to non-controlling interests	**1,372,350**	429,160

35 Particulars of subsidiaries (continued)

(d) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that is material to the Group (continued).

(ii) Hemei (Shanghai) Property Development Co., Ltd. (continued)

Summarised consolidated income statement and consolidated statement of comprehensive income

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Profit/(loss) before income tax	**187,115**	(108,520)
Income tax (expenses)/credit	**(79,325)**	26,925
Profit/(loss) for the year	**107,790**	(81,595)
Total comprehensive income/(loss) for the year	**107,790**	(81,595)
Total profit/(loss) and comprehensive income/(loss) for the year allocated to non-controlling interests	**52,191**	(26,235)

Summarised consolidated statement of cash flows

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Net cash generated from operating activities	**2,032,701**	1,378,479
Net cash generated from/(used) in investing activities	**1,207**	(329,870)
Net cash (used in)/generated from financing activities	**(2,498,641)**	933,221
Net (decrease)/increase in cash and cash equivalents	**(464,733)**	1,981,830
Cash and cash equivalents at beginning of the year	**2,236,106**	254,276
Cash and cash equivalents at end of the year	**1,771,373**	2,236,106

35 Particulars of subsidiaries (continued)

(d) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests material to the Group (continued).

(iii) Shiou Group

Summarised consolidated balance sheet

	As at 31 December 2016 RMB'000
Current	
Assets	**7,071,987**
Liabilities	**(3,630,908)**
Total net current assets	**3,441,079**
Non-current	
Assets	**3,496,851**
Liabilities	**(2,587,488)**
Total net non-current assets	**909,363**
Net assets	**4,350,442**
Proportionate share of the net assets attributable to non-controlling interests	**2,277,806**

35 Particulars of subsidiaries (continued)

(d) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests material to the Group (continued).

(iii) Shiou Group (continued)

Summarised consolidated income statement and consolidated statement of comprehensive income

	For the period from acquisition date to 31 December 2016 RMB'000
Profit before income tax	295,757
Income tax expense	(140,075)
Profit for the period	155,682
Total comprehensive income for the period	155,682
Total profit and comprehensive income for the period allocated to non-controlling interests	77,305

35 Particulars of subsidiaries (continued)

(d) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that is material to the Group (continued).

(iii) Shiou Group (continued)

Summarised consolidated statement of cash flows

	For the period from acquisition date to 31 December 2016 RMB'000
Net cash generated from operating activities	964,651
Net cash used in investing activities	(213,754)
Net cash used in financing activities	(453,542)
Net increase in cash and cash equivalents	297,355
Cash and cash equivalents at beginning of the period	63,793
Cash and cash equivalents at end of the period	361,148

36 Change in ownership interests in subsidiaries without change of control

Pursuant to an investment agreement entered into between the Group and Fuzhou Wuyuan Investment Company Limited ("Fuzhou Wuyuan"), an independent third party, Fuzhou Wuyuan agreed to inject cash of RMB510,000,000 to a group company of the Group in exchange of 11% equity interests of the group company. The amount of RMB379,721,000, being the difference between the cash injections and the non-controlling interests being recognised was recognised as capital reserves.

37 Change from joint ventures to subsidiaries

During the year ended 31 December 2016, the joint venture partners of Fuzhou Shiou Property Development Co., Ltd. and its subsidiaries ("Shiou Group") and Hua Cao Projects developed by Shanghai Kaiyu Property Development Co., Ltd., Shanghai Kairi Property Development Co., Ltd., Shanghai Kaichang Property Development Co., Ltd. and Shanghai Kaichong Property Development Co., Ltd. (together, "Hua Cao Group") have transferred the controlling rights of the jointly controlled projects to the Group. Accordingly, the investments in the joint ventures are remeasured to fair value at the date when the Group obtained the control, and are deemed to have been disposed in exchange with the consolidation of subsidiaries, the resulting gains from the remeasurements are recognised in the consolidated income statement in accordance with HKFRS 3 — Business Combinations.

37 Change from joint ventures to subsidiaries (continued)

The following table summarises the remeasurement gains on the investments in the joint ventures, the fair value of identifiable assets acquired, liabilities assumed and the non-controlling interests recognised at the respective consolidation dates.

	At consolidation dates	
	Shiou Group	**Hua Cao Group**
	RMB'000	**RMB'000**
Carrying amounts of the Group's investments in the joint ventures	2,198,402	211,866
Fair value gains on the remeasurement of joint ventures	201,810	76,264
Fair value of the investments in the joint ventures	2,400,212	288,130
Recognised amounts of identifiable assets acquired and liabilities assumed		
Investment properties (Note 15)	3,319,000	—
Property, plant and equipment	1,085	169
Properties under development	—	1,763,000
Completed properties held for sale	3,373,602	—
Amounts due from shareholders	3,380,268	—
Amounts due from customers for contract works	193,551	—
Trade and other receivables	683,065	9,717
Prepayments	26,660	—
Prepaid income tax	13,285	—
Cash and cash equivalents	63,793	8,762
Borrowings	(2,826,500)	—
Deferred tax liabilities	(689,054)	(84,663)
Advances received from pre-sales of properties	(445,241)	(33,763)
Trade and other payables	(1,318,310)	(1,086,962)
Amounts due to shareholders	(304,000)	—
Current income tax liabilities	(670,780)	—
Total identifiable net assets	4,800,424	576,260
Non-controlling interests being recognised	2,400,212	288,130
Identifiable net assets acquired	2,400,212	288,130
Goodwill	—	—

37 Change from joint ventures to subsidiaries (continued)

The acquired businesses contributed revenues of RMB1,482,888,000 and net profit of RMB308,851,000 to the Group for the period from the respective acquisition dates to 31 December 2016. If the acquisitions had occurred on 1 January 2016, consolidated revenue and consolidated profit for the year ended 31 December 2016 would have been RMB11,392,639,000 and RMB1,704,863,000 respectively.

38 Acquisitions of subsidiaries

During the year ended 31 December 2016, the Group acquired 50% equity interests in Fujian Ronghui Real Estate Company Limited ("Fujian Ronghui") and 51% equity interests in Fuzhou Shengtian Property Development Company Limited ("Fuzhou Shengtian"), respectively. Fujian Ronghui and Fuzhou Shengtian are limited liability companies incorporated in the PRC with projects under development in Fuzhou City. According to the articles of association, the Group is able to control the decision rights on the financing and operating policies of Fujian Ronghui and Fuzhou Shengtian. On the acquisition date, Fujian Ronghui was developing a real estate project in Fujian Province, while Fuzhou Shengtian was a project company holding a piece of land and without substantial developing activities being conducted, hence the acquisition of Fujian Ronghui and Fuzhou Shengtian was treated as a business combination and asset deal, respectively.

38 Acquisitions of subsidiaries (continued)

The following table summarises the considerations paid for acquisition of Fujian Ronghui and Fuzhou Shengtian respectively, the fair value of identifiable assets acquired and identifiable liabilities assumed at the acquisition dates.

	Fujian Ronghui RMB'000	Fuzhou Shengtian RMB'000
Considerations – cash	740,000	213,763
Recognised amounts of identifiable assets acquired and liabilities assumed		
Property, plant and equipment	97,564	—
Land use rights	10,682	—
Intangible assets	1,893	—
Properties under development	5,286,700	415,121
Amounts due from customers for contract works	44,784	—
Trade and other receivables	428,791	10,376
Prepayments	37,566	—
Prepaid income tax	25,420	—
Cash and cash equivalents	125,674	9
Borrowings	(1,537,603)	—
Deferred tax liabilities	(566,956)	—
Advances received from pre-sales of properties	(787,400)	—
Amounts due to the Group	(926,000)	—
Trade and other payables	(761,115)	(6,363)
Total identifiable net assets	1,480,000	419,143
Non-controlling interests being recognised	740,000	205,380
Identifiable net assets acquired	740,000	213,763
Goodwill	—	Not applicable

38 Acquisitions of subsidiaries (continued)

	Fujian Ronghui RMB'000	Fuzhou Shengtian RMB'000
Cash outflow on acquisitions of subsidiaries:		
— Considerations paid	740,000	213,763
— Settlements of loans to former shareholder resulting from the acquisition	926,000	—
— Cash and cash equivalents in the subsidiaries on acquisition dates	(125,674)	(9)
	1,540,326	213,754

Fujian Ronghui contributed revenue of RMB320,624,000 and net loss of RMB46,478,000 to the Group for the period from the acquisition date to 31 December 2016. If the acquisition had occurred on 1 January 2016, consolidated revenue and consolidated profit for the year ended 31 December 2016 would have been RMB11,402,030,000 and RMB1,691,103,000 respectively.

39 Balance sheet and reserve movement of the Company

(a) Balance sheet of the Company

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
ASSETS			
Non-current assets			
Interest in a subsidiary		**1,993,141**	1
Current assets			
Prepayments and other receivable		**11,141**	9,564
Amount due from subsidiaries		**1,434,069**	1,021,799
Cash and cash equivalents		**352,666**	10,717
		1,797,876	1,042,080
Total assets		**3,791,017**	1,042,081
EQUITY			
Equity attributable to owners of the Company			
Share capital		**12**	—
Share premium		**2,485,669**	989,745
Retained earnings		**107,451**	20,692
		2,593,132	1,010,437
LIABILITIES			
Current liabilities			
Other payables		**18,176**	15,379
Amounts due to a related party		**491**	460
Amounts due to a subsidiary		**263**	15,805
		18,930	31,644
Non-current liabilities			
Borrowings		**1,178,955**	—
Total liabilities		**1,197,885**	31,644
Total equity and liabilities		**3,791,017**	1,042,081

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

(b) Reserve movement of the Company

	Share premium RMB'000	(Accumulated loss)/ retained earnings RMB'000	Total RMB'000
At 1 January 2015	—	(14,420)	(14,420)
Capital injection from the then shareholder of the Company	989,745	—	989,745
Profit for the year	—	35,112	35,112
At 31 December 2015	989,745	20,692	1,010,437
At 1 January 2016	**989,745**	**20,692**	**1,010,437**
Issue of shares in connection with the capitalisation issue (Note 24(b))	**(9)**	**—**	**(9)**
Issue of shares in connection with the Company's listing (Note 24(c))	**1,540,694**	**—**	**1,540,694**
Share issuance costs (Note 24(c))	**(44,761)**	**—**	**(44,761)**
Profit for the year	**—**	**86,759**	**86,759**
At 31 December 2016	**2,485,669**	**107,451**	**2,593,120**

Five Years' Financial Summary

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**11,371,663**	7,414,576	4,099,230	2,128,898	1,291,127
Profit for the year attributable to owners of the Company	**1,292,339**	1,432,813	506,507	517,691	187,545

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2016	2015	2014	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**9,491,656**	4,059,405	3,459,744	1,310,945	736,176
Current assets	**89,415,260**	30,737,465	28,075,017	17,443,584	6,837,619
Total assets	**98,906,916**	34,796,870	31,534,761	18,754,529	7,573,795
Non-current liabilities	**33,163,277**	6,926,063	10,999,600	4,985,700	710,000
Current liabilities	**42,654,317**	22,798,075	19,506,115	12,229,884	5,857,019
Total liabilities	**75,817,594**	29,724,138	30,505,715	17,215,584	6,567,019
Total equity	**23,089,322**	5,072,732	1,029,046	1,538,945	1,006,776
Total equity attributable to shareholders of the Company	**7,470,518**	4,302,522	1,020,877	1,525,908	1,006,776