绿城房产
GREENTOWN

GREENTOWN CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 03900)

ANNUAL REPORT 2016

Welcome to your home of Greentown.

Walk into a world of luxury and style.
Transform your dreams into reality here.

From the minute you set foot on the majestic doorway
that leads into the elegant hallway, you will be embraced
by the luxury and grace of a bygone era.

Traditional style combined with contemporary detailing
gives the place a personal touch with
a flair of splendour.
Each unit is tastefully designed
for home lovers who have an eye for quality and beauty.
Nestled in breath-taking landscaped gardens,
these homes allow you to experience
the magical powers of nature in your own private setting.
Join the Greentown family and
live the dream of many others today.
Find your home with Greentown and
enjoy the luxury of life
with peace of mind.

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Corporate Profile

GREENTOWN CHINA HOLDINGS LIMITED IS ONE OF THE LEADING PROPERTY DEVELOPERS IN CHINA. IT KEEPS A LEADING POSITION IN THE INDUSTRY IN VIRTUE OF ITS QUALITY PROPERTIES, UNIQUE ARCHITECTURAL AESTHETICS AND CUSTOMER-FOCUSED RESIDENTIAL SERVICES, AND IS COMMITTED TO BEING THE NO. 1 "INTEGRATED SERVICE PROVIDER FOR AN IDEAL LIFE". THE COMPANY WAS AWARDED THE "TOP 10 CHINESE REAL ESTATE ENTERPRISES BY COMPREHENSIVE STRENGTH" FOR THE 12TH CONSECUTIVE YEAR BY THE DEVELOPMENT RESEARCH CENTER OF THE STATE COUNCIL, THE INSTITUTE OF REAL ESTATE STUDIES AT TSINGHUA UNIVERSITY AND THE CHINA INDEX ACADEMY, REELECTED AS THE "TOP 10 LARGEST CHINESE REAL ESTATE ENTERPRISES" AND WAS AGAIN NAMED THE "TOP 10 BRANDS OF CHINESE REAL ESTATE COMPANIES (DIVERSIFIED OWNERSHIP)" FOR THE 13TH CONSECUTIVE YEAR WITH A BRAND VALUE OF RMB25.39 BILLION. MEANWHILE, WITH THE EFFORTS ON CONSTRUCTION OF RESETTLEMENT HOUSING AND CHARITY SERVICES, GREENTOWN WAS REELECTED AS "CHINA REAL ESTATE ENTERPRISES WITH A SENSE OF SOCIAL RESPONSIBILITY" FOR MANY YEARS, AND WAS AWARDED "2016 CHINA LEADING REAL ESTATE COMPANIES BY CUSTOMER SATISFACTION" FOR ITS QUALITY PRODUCTS.

Greentown China Holdings Limited is a mixed ownership enterprise engaging in the business of property development, project management, asset operation and living services. It maintains a leading position in the market with high construction quality and excellent living services. Over 22 years of development, Greentown has over 300 member companies and its scope of business covers more than 20 provinces, autonomous regions and direct-controlled municipalities. It has presence in over 100 cities, having constructed more than 400 exquisite property complexes.

On 8 June 2012, Wharf was introduced as a strategic shareholder of Greentown. The aggregate investment from Wharf amounted to approximately HK$5.1 billion (equivalent to approximately RMB4.16 billion), including the subscription of approximately 490 million placing shares and the subscription of convertible securities (which have been redeemed in full in February 2014). As at the date of this report, Wharf (through its wholly-owned subsidiary) held approximately 25.0% of the total issued share capital of the Company.

On 27 March 2015, CCCG completed the share transaction with Mr SONG Weiping and other related shareholders pursuant to which CCCG acquired an aggregate of 524,851,793 shares of the Company at HK$11.46 per share in cash (representing a total consideration of approximately HK$6.015 billion). On 4 June 2015, CCCG acquired another 100 million shares of the Company at HK$11.46 per share. As at the date of this report, CCCG held approximately 28.9% of the total issued share capital in the Company, making it the single largest shareholder of Greentown.

Being a professional developer of premium property in the PRC, Greentown Group has always insisted on innovation and continued to explore the relationship between human and dwellings with excellent accomplishment in the low-rise, multi-storey and high-rise residential properties. Based on the construction of beautiful architecture, Greentown Group is committed to building a better life for more people. Its future layout will focus on the first-tier and second-tier cities like Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Nanjing, Chongqing, Jinan, and other major cities overseas. As at 31 December 2016, the premium land bank of Greentown Group comprised a total GFA of over 29.12 million sqm ensuring the sustainable and steady development of the Company in the coming future. With its quality human resources and highly effective corporate management structure, Greentown has established an outstanding brand image in all cities where it operates. The Group's experience in developing numerous high-quality projects and outstanding operational capabilities accumulated so far have provided a strong momentum for its further expansion.

Since September 2010, Greentown Group has commenced the project management business. In September 2015, the Company acquired Greentown Dingyi and Greentown Shidai, and established Greentown Project Management Group. The Company has already undertaken an orderly integration of businesses, management teams and governing systems and led the industry with a complete standardized system of "Project Management 4.0", bringing in an increasingly sophisticated asset-light operation model and fast-growing business. On 27 June 2016, the Company published an announcement in relation to the restructuring of Bluetown, involving, among other matters, the acquisition of project management business of Bluetown and its merging with Greentown Project Management Group. As a result, the new Greentown Project Management Group has further expanded its scale. As at 31 December 2016, the total number of projects managed by the new Greentown Project Management Group, taking into account the proposed restructuring and consolidation, has reached 164 in total with a planned total GFA of approximately 45.57 million sqm. Greentown project Management Group will evolve into the largest and the most professional asset-light operation group of real estate in China.

In 2016, to optimize the organizational structure of Greentown Group, a brand-new management structure and business development layout in the form of "one body, four wings" was established, with Greentown China being the core and four sub-groups, namely Greentown Real Estate, Greentown Project Management, Greentown Asset Management and Greentown Town Development, being the four wings, which will hand in hand build the brand of "No. 1 integrated service provider for an ideal life in China". In March 2017, Greentown China has formally established Greentown Ideal Life Technology Co., Ltd* (綠城理想生活科技有限公司), striving to build up five major segments, to facilitate the transformation of Greentown China from the "home builder" to "lifestyle builder", and to uplift the future core competitiveness of Greentown China.

Corporate Information

Board of Directors

Executive Directors

Mr SONG Weiping (Co-chairman)
Mr LIU Wensheng (Co-chairman)
Mr SUN Guoqiang
Mr SHOU Bainian
Mr CAO Zhounan
Mr LI Qingan
Mr LI Yongqian

Independent Non-Executive Directors

Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Audit Committee

Mr SZE Tsai Ping, Michael (Chairman)
Mr JIA Shenghua
Mr HUI Wan Fai

Nomination Committee

Mr SZE Tsai Ping, Michael (Chairman)
Mr LIU Wensheng
Mr SHOU Bainian
Mr JIA Shenghua
Mr KE Huanzhang
Mr HUI Wan Fai

Remuneration Committee

Mr JIA Shenghua (Chairman)
Mr SUN Guoqiang
Mr SHOU Bainian
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Registered Office

Maples Corporate Services Limited
PO Box 309, Ugland House
South Church Street, George Town
Grand Cayman KY1-1104
Cayman Islands

Share Registrar in Hong Kong

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

Share Registrar in Cayman Islands

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

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

as to Hong Kong law:
Allen & Overy

as to the PRC law:
Zhejiang T&C Law Firm

as to Cayman Islands law and
British Virgin Islands law:
Maples and Calder

Company Secretary

Mr FUNG Ching, Simon

Authorized Representatives

Mr CAO Zhounan
Mr FUNG Ching, Simon

Principal Bankers

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Ltd.
China Construction Bank Corp.
The Hong Kong And Shanghai Banking Corp., Ltd
Standard Chartered Bank (Hong Kong) Limited
Bank of Communications Co., Ltd
The Bank of East Asia, Limited
Ping An Bank Co., Ltd
China Everbright Bank Corp., Ltd
Shanghai Pudong Development Bank Co., Ltd

Hangzhou Headquarters

10/F, Block A, Century Plaza
No.1 Hangda Road
Hangzhou, Zhejiang
PRC
(Postal code: 310007)

Principal Place of Business in Hong Kong

Room 1406–1408, 14/F
New World Tower 1
16–18 Queen's Road Central
Hong Kong

Investor Relations

Email: ir@chinagreentown.com
Tel: (852) 2523 3138
Fax: (852) 2523 6608

Public Relations

Hill + Knowlton Strategies Asia
Email: greentown@hkstrategies.com
Tel: (852) 2894 6321
Fax: (852) 2576 1990

Stock Code

HKEx: 03900

Websites

www.chinagreentown.com
www.greentownchina.com

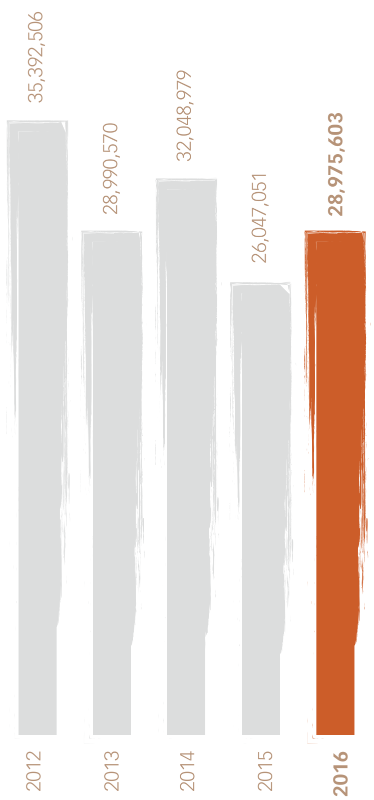
Notes:

The following changes have been effected on 15 January 2016:

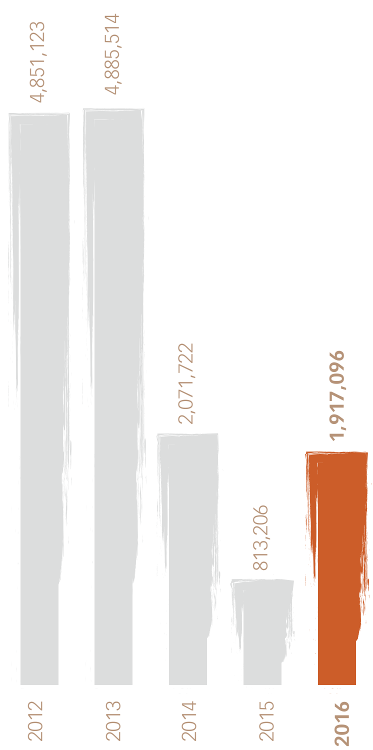
(i) Mr ZHU Bixin has resigned as an executive Director, co-chairman of the Board and a member of the nomination committee of the Board;
(ii) Mr LIU Wensheng has been re-designated from a non-executive Director to an executive Director, and was appointed as co-chairman and a member of the nomination committee of the Board; and
(iii) Mr LI Yongqian has been appointed as an executive Director.

Financial Highlights

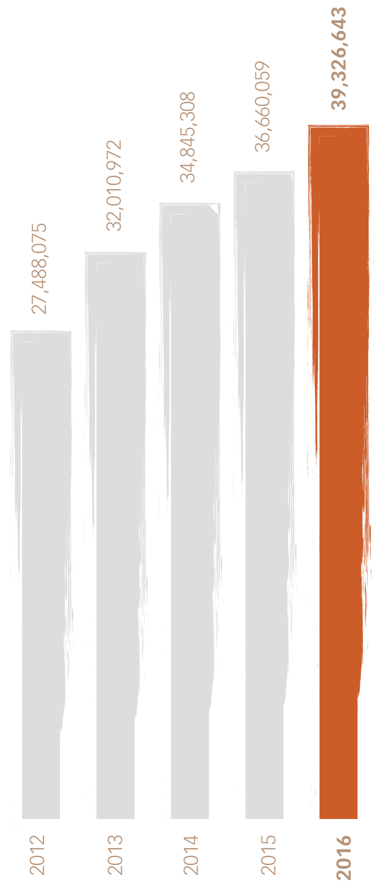
Revenue
For the year ended 31 December
(RMB'000)



Profit attributable to Owners of the Company
For the year ended 31 December
(RMB'000)



Total equity
As at 31 December
(RMB'000)



Five Years Financial Summary

Consolidated Results

	For the Year Ended 31 December				
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	**2016** **RMB'000**
Revenue	35,392,506	28,990,570	32,048,979	26,047,051	**28,975,603**
Cost of sales	(24,678,810)	(20,215,201)	(23,916,319)	(20,626,106)	**(22,953,628)**
Gross profit	10,713,696	8,775,369	8,132,660	5,420,945	**6,021,975**
Other income	1,744,672	1,647,817	1,209,064	1,185,999	**1,824,526**
Expenses	(2,714,643)	(2,847,160)	(3,821,011)	(5,340,155)	**(5,523,319)**
Share of results of jointly controlled entities and associates	513,475	1,570,036	407,752	1,667,882	**1,425,047**
Profit before taxation	10,257,200	9,146,062	5,928,465	2,934,671	**3,748,229**
Taxation	(4,204,149)	(3,155,857)	(2,718,644)	(1,675,175)	**(1,525,686)**
Profit for the year	6,053,051	5,990,205	3,209,821	1,259,496	**2,222,543**
Profit attributable to:					
Owners of the Company	4,851,123	4,885,514	2,071,722	813,206	**1,917,096**
Non-controlling interests	1,201,928	1,104,691	1,138,099	446,290	**305,447**
	6,053,051	5,990,205	3,209,821	1,259,496	**2,222,543**

Consolidated Assets and Liabilities

	As at 31 December				
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	**2016** **RMB'000**
Total assets	107,707,296	122,335,702	127,143,878	144,512,604	**169,795,629**
Total liabilities	80,219,221	90,324,730	92,298,570	107,852,545	**130,468,986**
Total equity	27,488,075	32,010,972	34,845,308	36,660,059	**39,326,643**

Chairman's Statement

In 2016, the real estate market boomed with record-breaking transaction volumes. The development of real estate corporations with sales of RMB10 billion or more experienced more significant changes. During the year, with the revolutionary innovation of the Company and the joint efforts of all employees, the valuation of Greentown successfully exceeded RMB100 billion.

Offering ideal living services which benefit our customers, the Company and the society

In recent years, Greentown China has been committed to its vision of evolving into an "integrated services provider for an ideal life". Adhering to our strategy to develop "platform-based services", we have actively engaged in establishing Greentown Ideal Life Technology Company Limited. For the past 22 years, Greentown has been providing ideal living services which benefit our customers, the Company and the society. Our contributions to the rapid development of the real estate industry have been well recognised. While maintaining the outstanding quality of our products and services, the Company has continued to encourage product innovation, research and development, and to establish new varieties and new models for our services. This has facilitated the transformation of Greentown from "building houses" to "building lifestyles" and established the core competitiveness for the future of Greentown China.

We build homes for our customers. While customers receive their new homes, they become our family members. In the future, we will satisfy their needs and provide a better way of living for them through our living services platform. Constructing the content of living services with comprehensive support is essential to the business model as well as the sustainable development of Greentown.

The establishment of Greentown Asset Management has ensured sufficient resources for the implementation of our service strategy. Offering ideal living services is not a slogan, nor does it exist only on mobile devices or on the internet. The provision of such services requires offline support which is guaranteed by the Company's extensive network of auxiliary facilities, such as clubhouses, hotels, hospitals, schools, and commercial facilities. Provision of services will play an essential role in the real estate industry. In the future, Greentown Ideal Life and Greentown Asset Management will work closely with the welfare organizations to better serve our family members.

Towns providing ideal living environment

With the rapid growth of the PRC's economy, cities in the PRC are undergoing significant changes while traditional Chinese towns and villages are gradually becoming desolated. We believe that ideal towns would serve to realize the pursuit for beautiful lives of all mankind. By building ideal towns which are warmer than cities, yet more civilized than country villages, we are able to actualize the fantasy of ideal life since time immemorial. In 2016, Greentown China established an organization structure of "one body, four wings". Within the structure, Greentown Town Development is responsible for ideal town projects. By combining the ideal living environment and the ideal living services, we attempt to build paradise-like residential areas with distinctive features which facilitate and promote the community culture.

Common Growth of staff and the Company

Progress of work does not only mean technical improvements, but more importantly, the positive changes of mentality. We hope that 2017 will be a year of progress. One of Greentown's top priorities is to provide infrastructure and support for our employees to technically and mentally prepare for and adapt to the ever changing challenges in the market. By doing so, they can grow and make progress with the Company, which is the fundamental goal of our talent development.

2017 is a crucial year for Greentown China. We will unite as one to maintain the outstanding quality of our products and services and innovate living services. We will continue to adhere to Greentown's spirit of truthfulness, kindness and beautifulness, and to work towards Greentown's ideal of "beautiful construction, wonderful lifestyle".

CEO's Report

2016 was the year in which Greentown China made great efforts to improve its operations. For the past year, the Company firmly implemented the development strategy of "Building a service platform, Financializing real estate & Professionalizing property development". With the great support of our shareholders and under the appropriate leadership of the Board, together with the concerted efforts of all staff, the Company has marched into an actively stable development phase with quality growth. The contracted sales and capital return exceeded RMB100 billion for the first time. Both the gross profit margin and the net profit margin improved significantly. While the total assets and the net assets increased steadily, the expenses decreased with the same statistical methods and scope.

In 2016, the Company efficiently and effectively implemented the "one body, four wings" management and control structure, which prompted the strategic development of all segments of the Company, gradually optimized our corporate governance structure, and further enhanced the human resources management of the Company. We continuously improved our financial structure and maintained healthy cash flow. We secured premium projects in core cities such as Beijing, Tianjin and Hangzhou, increasing the percentage of project sites in the first-tier and second-tier cities within our land bank. We optimized our national presence by expanding our business to southern China strategically, and explored international opportunities with the infrastructure and resources of the China Communications Construction Group. Our project management business has become the national leader of the industry by merger and reorganization. The return on asset operations has improved significantly, including that of hotels. Our innovative products were well received in the market, achieving remarkable results.

In 2017, with the tightened macroeconomic control and increasingly fierce peer competition, the Company is under more pressure to operate innovatively. Greentown China will maintain our brand quality and develop our competitive advantages by effectively applying modern corporate management principles and strategically focusing on the following four areas:

Talent Training: we will build a professional team of value creators and enlarge our talent pool to solidify the foundation of the Company, with the focus on grooming members of the management team and establishing the Greentown University.

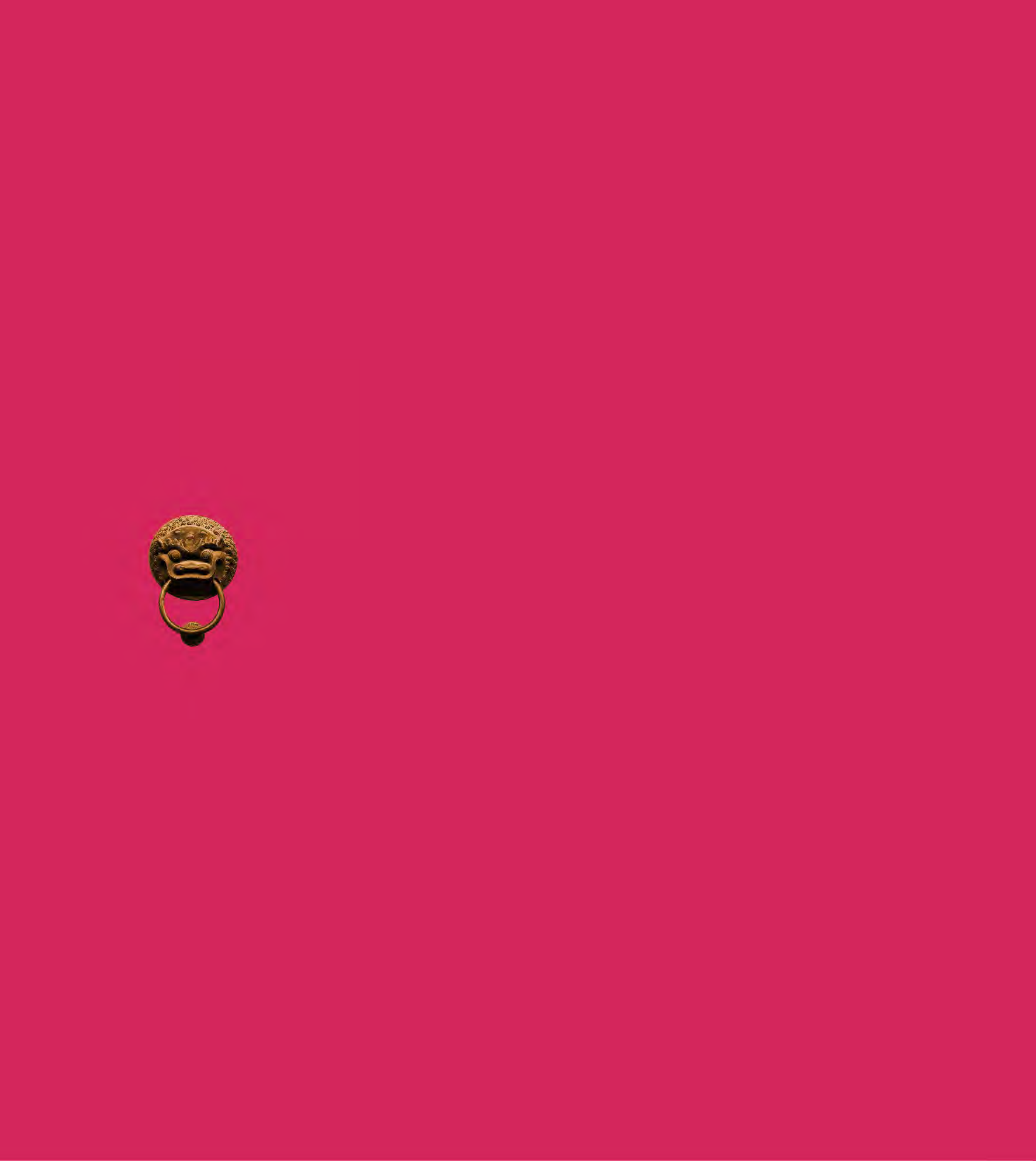
Quality Control: we will further strengthen the integrated advantages and the core competitiveness of the Greentown products by researching and developing innovative products and increasing their cost-performance.

Customer Services: we have established Greentown Ideal Life Technology Company Ltd. and will reform our service model by focusing on customers' needs.

Budget Management: we will establish a comprehensive risk management system with the focus on investment budget management and adjustment of investment structure to further improve our profitability.

The coming year will be a crucial one for Greentown China to innovate and develop. We will adhere to the Greentown spirit, in the pursuit of excellence in our products, services and work; we will facilitate the coordinated development of Greentown Real Estate, Greentown Project Management, Greentown Asset Management, Greentown Town Development and Greentown Ideal Life and we will continue to serve as an "integrated service provider for an ideal life" and create a bright future for Greentown China.

PROPERTY PORTFOLIO



Hangzhou River South

Property Portfolio

Total GFA Exceeds 29.12 Million sqm

15.0% Hangzhou
31.2% Zhejiang (excluding Hangzhou)
3.5% The Yangtze River Delta region (excluding Zhejiang)
33.6% The Bohai Rim region
16.7% Others

Zhejiang
31.2%
Proportion to total land bank (%)
9,088,000
Total GFA (sqm)

Shandong
18.5%
Proportion to total land bank (%)
5,388,240
Total GFA (sqm)

Hangzhou
15.0%
Proportion to total land bank (%)
4,377,595
Total GFA (sqm)

Liaoning
6.2%
Proportion to total land bank (%)
1,801,328
Total GFA (sqm)

Xinjiang
4.9%
Proportion to total land bank (%)
1,414,485
Total GFA (sqm)

Tianjin
4.8%
Proportion to total land bank (%)
1,393,735
Total GFA (sqm)

Hainan
4.1%
Proportion to total land bank (%)
1,198,610
Total GFA (sqm)

Beijing
2.8%
Proportion to total land bank (%)
804,565
Total GFA (sqm)

Heilongjiang
1.8%
Proportion to total land bank (%)
543,375
Total GFA (sqm)

Jiangsu
1.8%
Proportion to total land bank (%)
532,721
Total GFA (sqm)

Shanghai
1.7%
Proportion to total land bank (%)
484,859
Total GFA (sqm)

Henan
1.6%
Proportion to total land bank (%)
451,492
Total GFA (sqm)

Hebei
1.3%
Proportion to total land bank (%)
391,266
Total GFA (sqm)

Hunan
0.9%
Proportion to total land bank (%)
261,630
Total GFA (sqm)

Anhui
0.8%
Proportion to total land bank (%)
243,599
Total GFA (sqm)

Guangdong
0.8%
Proportion to total land bank (%)
222,679
Total GFA (sqm)

Guangxi
0.7%
Proportion to total land bank (%)
205,927
Total GFA (sqm)

Inner Mongolia
0.6%
Proportion to total land bank (%)
174,807
Total GFA (sqm)

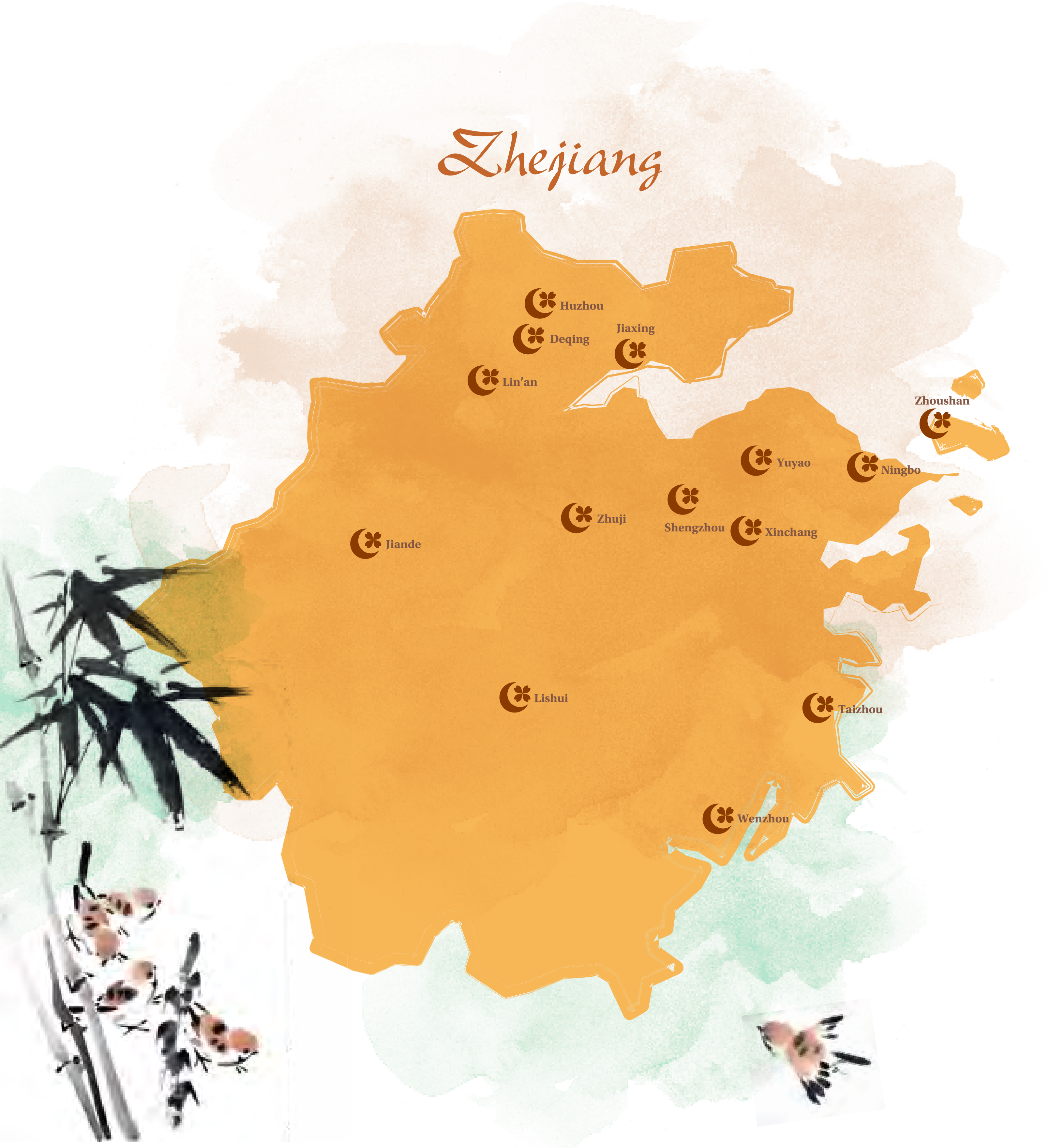
Hubei
0.5%
Proportion to total land bank (%)
145,240
Total GFA (sqm)

Region	No. of Projects	Site Area (sqm)	GFA (sqm)	% of Total
Hangzhou	17	1,737,863	4,377,595	15.0%
Zhejiang (excluding Hangzhou)	30	4,865,913	9,088,000	31.2%
Shanghai	3	107,011	484,859	1.7%
Shandong	10	2,350,692	5,388,240	18.5%
Beijing	4	374,418	804,565	2.8%
Tianjin	3	754,312	1,393,735	4.8%
Liaoning	2	817,907	1,801,328	6.2%
Other Cities	16	4,142,125	5,785,831	19.8%
Total	85	15,150,241	29,124,153	100%

Notes:
(1) Excluding projects with 10% and less than 10% equity interest of the Greentown Group.
(2) The figures of total GFA and site area are subject to adjustments due to planning changes. Relevant figures will only be finalized after project completion.

Yangtze River Delta Region
Hangzhou

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Hangzhou Wulin No.1	High-Rise Apartment	50.0%	54,361	265,879
2	Hangzhou Wangjiang Office	Office	56.0%	6,749	45,048
3	Hangzhou Center	Urban Complex	45.0%	22,566	248,260
4	Hangzhou Hope Town	Integrated Community	45.0%	355,419	696,556
5	Hangzhou Qiantang Mingyue	High-Rise Apartment	50.0%	70,227	285,357
6	Hangzhou Arcadia Town	Integrated Community	50.0%	539,506	701,249
7	Hangzhou Zhijiang No.1	High-Rise Apartment	50.0%	41,513	95,426
8	Hangzhou Young City	High-Rise Apartment, Commercial	25.6%	293,354	820,307
9	Hangzhou Liuxiangyuan	High-Rise Apartment	25.0%	52,528	239,112
10	Hangzhou Jade Mansion	High-Rise Apartment	50.0%	29,382	85,250
11	Hangzhou Willow Breeze	High-Rise Apartment, Villa	50.0%	38,605	120,710
12	Hangzhou Jinlin Mansion	High-Rise Apartment	50.0%	49,923	193,185
13	Hangzhou River South	Villa	100%	34,116	52,125
14	Hangzhou Guiyu Jiangnan	High-Rise Apartment, Villa	35.0%	26,893	108,661
15	Hangzhou Fengqi Chaoming	High-Rise Apartment, Villa	50.0%	34,415	140,246
16	Hangzhou Xiaoshan Beigan Project	High-Rise Apartment	22.5%	47,441	201,682
17	Hangzhou Tape Factory Project	Villa	100%	40,865	78,542
	Sub-total			1,737,863	4,377,595


Zhejiang
Huzhou
Deqing
Jiaxing
Lin'an
Zhoushan
Yuyao
Ningbo
Shengzhou
Zhuji
Xinchang
Jiande
Lishui
Taizhou
Wenzhou

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Lin'an Spring Blossom	Villa	18.0%	615,586	334,556
2	Lin'an Mantuo Garden	Villa	80.0%	64,798	29,645
3	Lin'an Qingshan Lake Hongfengyuan	Villa	100%	37,958	16,741
4	Jiande Yulan Garden	High-Rise Apartment	100%	30,085	84,266
5	Jiande Camphora Garden	High-Rise Apartment	100%	21,765	81,728
6	Jiande Complex Project	Urban Complex	100%	27,471	45,000
7	Ningbo Center	Urban Complex	49.3%	24,172	429,462
8	Ningbo Young City	High-Rise Apartment	51.0%	186,603	589,845
9	Ningbo Wisdom Park	Office	60.0%	142,370	370,067
10	Fenghua Rose Garden	High-Rise Apartment, Villa	80.0%	99,947	226,020
11	Yuyao Mingyuan	High-Rise Apartment, Low-Rise Apartment, Villa	47.0%	111,101	295,484
12	Shengzhou Greentown Mansion	High-Rise Apartment, Villa	51.0%	115,811	402,503
13	Zhuji Greentown Plaza	High-Rise Apartment, Commercial, Hotel	90.0%	44,308	255,049
14	Xinchang Rose Garden	Villa	90.0%	66,806	20,764
15	Xinchang Orchid Residence	High-Rise Apartment	80.0%	41,317	138,321
16	Wuzhen Graceland	High-Rise Apartment, Low-Rise Apartment	16.0%	173,988	441,068
17	Zhoushan Changzhidao	Integrated Community	96.9%	574,225	1,008,406
18	Zhoushan Rose Garden West Area	High-Rise Apartment, Low-Rise Apartment, Villa	51.0%	202,429	315,390
19	Zhoushan Zhujiajian Dongsha Resort	Villa, Serviced Apartment	90.0%	66,974	94,012
20	Zhoushan Daishan Sky Blue Apartment	High-Rise Apartment, Office, Hotel	60.0%	76,892	162,469
21	Huzhou Majestic Mansion	Villa	100%	48,471	59,132
22	Deqing Yingxi Arcadia	High-Rise Apartment, Villa, Hotel	100%	96,534	139,650
23	Anji Taohuayuan	Villa, Hotel	85.0%	969,877	612,835
24	Taizhou Ningjiang Mingyue	Integrated Community	51.0%	565,382	1,646,332
25	Taizhou Yulan Plaza	Urban Complex	49.0%	81,574	312,629
26	Taizhou Tiantaishan Lotus Town	Villa, Hotel	100%	88,499	53,708
27	Linhai Rose Garden	Villa	80.0%	69,862	97,072
28	Lishui Beautiful Spring River	High-Rise Apartment, Villa	37.5%	51,100	165,167
29	Wenzhou Lucheng Plaza	Office, Hotel	90.0%	14,596	199,126
		Commercial	80.0%	59,682	172,689
30	Jiaxing Economic Development Zone Project	High-Rise Apartment	100%	95,730	288,864
	Sub-total			4,865,913	9,088,000

Shanghai

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Shanghai Changfeng Center	Office	37.5%	34,493	191,583
2	Shanghai Bund House	High-Rise Apartment	51.0%	65,758	258,940
3	Shanghai Jing'an Mansion	Office	20.4%	6,760	34,336
	Sub-total			107,011	484,859

Jiangsu

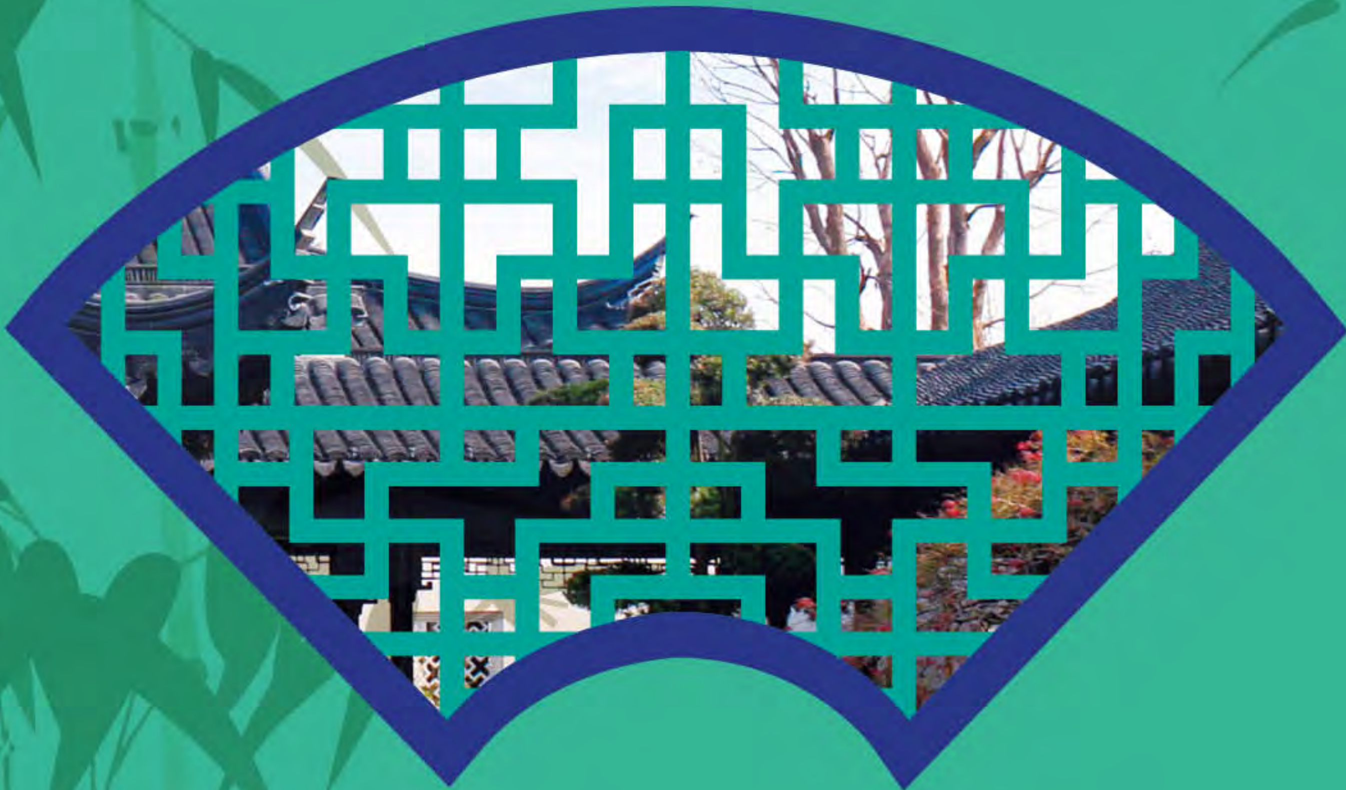
	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Xuzhou Lagerstroemia Mansion	High-Rise Apartment, Villa	60.0%	139,915	249,292
2	Wuxi Lihu Camphora Garden	High-Rise Apartment	49.0%	75,451	283,429
	Sub-total			215,366	532,721

BOHAI RIM REGION

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Beijing Xishan Mansion	High-Rise Apartment, Low-Rise Apartment	85.0%	72,401	285,225
2	Beijing Xiaoyunlu Project	Office	100%	13,001	95,751
3	Beijing Majestic Mansion	Low-Rise Apartment	100%	241,247	229,445
4	Beijing Jiuxianqiao Project	High-Rise Apartment	50.0%	47,769	194,144
5	Jinan Center	Office	39.0%	16,830	150,870
6	Jinan National Games Project	Integrated Community	45.0%	216,738	280,158
7	Jinan Yulan Garden	High-Rise Apartment	50.0%	333,342	846,499
8	Qingdao Jiaozhou Lagerstroemia Square	High-Rise Apartment	100%	56,176	225,940
9	Qingdao Ideal City	Integrated Community	80.0%	609,564	1,218,195
10	Qingdao Deep Blue Center	Office	40.0%	34,924	345,221
11	Shandong Xueye Lake Taohuayuan	Villa, Hotel	49.0%	285,607	205,145
12	Zibo Lily Garden	High-Rise Apartment, Low-Rise Apartment, Villa	100%	190,350	620,455
13	Xintai Yulan Garden	Low-Rise Apartment	70.0%	40,240	78,338
14	Dongying Ideal City	High-Rise Apartment, Low-Rise Apartment, Villa	49.0%	566,921	1,417,419
15	Shenyang National Games Project	Integrated Community	50.0%	759,573	1,559,161
16	Dalian Taoyuan Lane	High-Rise Apartment	40.0%	58,334	242,167
17	Tianjin National Games Project	Integrated Community	40.8%	321,418	936,500
18	Tianjin Tuanbohu Project	High-Rise Apartment	100%	432,894	457,235
19	Tangshan South Lake Project	High-Rise Apartment	40.0%	160,917	391,266
	Sub-total			4,458,246	9,779,134

OTHERS

	Projects	Type of Properties	Equity Interest	Site Area (sqm)	GFA (sqm)
1	Hefei Jade Lake Rose Garden	High-Rise Apartment	100%	22,809	82,715
2	Ordos Sincere Garden	High-Rise Apartment	10.5%	44,155	174,807
3	Hubei Huangshi Yulan Garden	High-Rise Apartment, Villa	30.0%	71,914	145,240
4	Anhui Ma'anshan Taibai Lake Rose Garden	Villa	70.0%	114,917	160,884
5	Changsha Bamboo Garden	Villa	49.5%	778,346	261,630
6	Zhengzhou Yanming Lake Rose Garden	Villa, Hotel	100%	266,765	269,794
7	Hainan Blue Town	Integrated Community	51.0%	1,415,036	1,198,610
8	Daqing Majestic Mansion	High-Rise Apartment, Low-Rise Apartment, Villa	100%	309,419	543,375
9	Henan Xinyang Lily City	High-Rise Apartment, Low-Rise Apartment	20.0%	77,662	181,698
10	Xinjiang Blue Town	Low-Rise Apartment, Villa	75.0%	274,783	523,211
11	Xinjiang Jade Garden	High-Rise Apartment	60.0%	227,554	496,333
12	Xinjiang Lily Apartment	Office, Commercial	50.0%	67,533	394,941
13	Gugangxi Liuzhou Young City	High-Rise Apartment	65.0%	45,328	205,927
14	Guangdong Foshan Qicha Project	High-Rise Apartment	100%	49,621	222,679
	Sub-total			3,765,842	4,861,844



MANAGEMENT DISCUSSION AND ANALYSIS


Xuzhou Lagerstroemia Mansion

Management Discussion and Analysis

Operational and Management Review

In 2016, China's national economy made steady progress. National strategies such as "One Belt, One Road", new-type urbanization, Internet+, supply-side reform, etc. have been successively implemented, resulting in further acceleration of the urbanization process and optimization of the structure of economic development. Benefiting from the aforesaid factors, the real estate market has experienced the process from policy easing to the continued tightening of policies in key cities. As the approach of "different cities, different policies" gradually takes effect, and the construction of a long-term mechanism in the real estate industry speeds up, the desire for reverting housing products back to their residential nature intensified.

2016 is a year in which Greentown China made arduous efforts in self-development. The Company firmly implemented the vision of being an "integrated service provider for an ideal life", and fully deployed the development strategy of "Building a service platform, Financializing real estate & Professionalizing property development". With the full support of all of our shareholders as well as the unfailing efforts of all employees, the corporate governance structure of the Company has been continuously optimized, and the advantages of mixed ownership have been fully maximized. The core values of Greentown are deep rooted, and the strengths of quality branding have been effectively passed on. As a result, Greentown's unique features and characteristics have been given a full play. At the same time, the combination of a spectacular growth in operating results, precise investments and sound financial situation highlighted the effectiveness of the Company's continuous innovation efforts and courage to practice in response to market changes and/or reform.

Results Overview

During the Year, the Group realized a net profit of RMB2,223 million, representing an increase of RMB964 million, or 76.6%, from RMB1,259 million in 2015. The increase was mainly due to achieving a gross profit of RMB6,022 million for the Year, representing an increase of 11.1% from RMB5,421 million in 2015, and the Group disposed of its equity interest in one of its associated companies during the Year which resulted in a net gain of RMB575 million. The profit attributable to shareholders of the Company for the Year reached RMB1,917 million, representing an increase of RMB1,104 million, or 135.8%, as compared to RMB813 million recorded in 2015.

After deduction of post-tax effect of net gains from acquisitions, and the provision and reversal of impairment losses on certain assets, profit or loss from changes in fair value of financial derivatives and gain from changes in fair value of investment properties, the core profit attributable to owners of the Company for the Year was RMB1,958 million, representing an increase of RMB925 million, or 89.5%, as compared to RMB1,033 million recorded in 2015.

Hangzhou River South

Anji Taohuayuan

Earnings per share for the Year was RMB0.70, representing an increase of 180.0% from RMB0.25 per share compared to that in 2015.

The Board of Directors proposes to declare a final dividend of RMB0.12 per share for the year ended 31 December 2016 (2015: nil).

More Than 58% Growth in Sales, Exceeding RMB100 Billion for the First Time

For the twelve months ended 31 December 2016, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associated companies) recorded an accumulated total contracted saleable area of approximately 6.26 million sqm, and a total contracted sales amount of approximately RMB113.9 billion, representing an increase of 58.4% as compared to 2015 (2015: RMB71.9 billion), exceeding the "RMB100 billion" level for the first time. Average sales price of investment projects reached RMB19,813 per sqm, representing an increase of 7.4% as compared to 2015.

Among the above, Greentown Group has recorded an accumulated total contracted saleable area of approximately 4.83 million sqm, and a total contracted sales amount of approximately RMB95.8 billion, of which the equity amount attributable to the Group was approximately RMB51.1 billion in 2016. As at 31 December 2016, the Group had accumulated subscription sales of RMB2.5 billion, of which approximately

RMB1.3 billion was attributable to the Group. In addition, the projects under its project management business where Greentown Group engaged in delivering brand value and management expertise (non-investment projects, referred to as "projects under project management") recorded a total saleable housing area of approximately 1.43 million sqm, and a contracted sales amount of approximately RMB18.1 billion in 2016.

Greentown Group has achieved impressive results by adhering to the strategy of inventory reduction. The housing inventory of investment projects at the beginning of the Year amounted to approximately RMB84.4 billion and the aggregate inventory reduction for the Year was approximately RMB46.8 billion, at a reduction rate of 55.4% (of which, the housing inventory reduced in first-tier and second-tier cities was approximately RMB32.0 billion, at a reduction rate of 59.1%, and the housing inventory reduced in third-tier and fourth-tier cities was approximately RMB14.8 billion, at a reduction rate of 48.9%), providing a relatively big support to the increase in sales. The sales contributed by the newly launched projects were approximately RMB49.0 billion for the Year, representing 73.1% of the total sales of the newly launched projects. Newly launched projects including Hangzhou Willow Breeze (杭州柳岸曉風), Hangzhou Jinlin Mansion (杭州金麟府) and Beijing Xishan Mansion (北京西山燕廬), etc. had spectacular sales, and were sold out soon after the pre-sales session was launched. The contribution from single property sales increased. Single property projects with sales exceeding RMB5.0 billion throughout the Year included these 3 projects: Tianjin National Games Project (天津全運村), Shanghai Bund House (上海黃浦灣) and Hangzhou Liuxiangyuan (杭州留香園). Single property projects with sales exceeding RMB2.0 billion throughout the Year included these 9 projects: Hangzhou Wulin No.1 (杭州武林壹號), Hangzhou Young City (杭州楊柳郡), Hainan Blue Town (海南藍灣小鎮), Hangzhou Qiantang Mingyue (杭州錢塘明月), Wuxi Lihu Camphora Garden (無錫蠡湖香樟園), Qingdao Ideal City (青島理想之城), Hangzhou Zhijiang No.1 (杭州之江壹號), Jinan National Games Project (濟南全運村) and Hangzhou Hope Town (杭州翡翠城).

Focused Investment Achieved Substantial Effect, Gradual Optimization of Land Reserve

In 2016, the competition of land market in first-tier and second-tier cities intensified. Land sales continually broke new record-high prices. The Group's investment strategy emphasizes surrounding the "key cities, core land". The Group also sets reasonable limit to our land acquisitions to effectively prevent the Group from acquiring overpriced "King of Lands" projects, so as to minimize the negative impact on the Company's overall cash flow and financial position, as well as to ensure the improvement in the gross profit of its development projects. During the Year, the Group added 9 high-quality land sites in key cities such as Beijing, Tianjin, and Hangzhou through public land auctions and acquisitions, etc., and acquired the Hangzhou Fengqi Chaoming project (杭州鳳起潮鳴項目) which can fully manifest Greentown's quality features, Beijing Jiuxianqiao project (北京酒仙橋項目) that has good development potential, South China Foshan Qicha project (佛山奇槎項目) and other projects in other key cities. The total GFA of new projects for the Year was approximately 2.28 million sqm, of which approximately 1.60 million sqm was attributable to the Group. The total land premium of new projects amounted to approximately RMB18 billion, of which approximately RMB10.6 billion was attributable to the Group. The newly-added land resources were estimated to have a value of approximately RMB44.7 billion, of which approximately RMB28.5 billion was attributable to the Group's equity, the average GFA price for the new land was approximately RMB11,676 per sqm.

Meanwhile, in respect of our strategy to develop high-quality projects in third-tier and fourth-tier cities in a fast and smooth manner, the Group acquired the high-quality project in Jiaxing Economic Development Zone (嘉興經濟開發區) in the second half of the Year. The Group also strategically reserved some town projects in the vicinity of first-tier and second-tier cities on the basis of optimizing and upgrading the positioning, operating model and development strategy of existing town projects in Zhoushan Changzhidao (舟山長峙島) and Anji Taohuayuan (安吉桃花源).

Hainan Blue Town

Hangzhou Zhijiang No.1

Table of New Land Bank in 2016

	Land/Project Name	Acquired by	Area	Equity	Total Land Cost of the Projects (RMB Million)	Paid by Greentown (RMB Million)	GFA (sqm)
1	Beijing Jiuxianqiao Project	Auction	Beijing	50.0%	5,135	2,568	194,144
2	Hangzhou Fengqi Chaoming	Auction	Hangzhou	50.0%	3,735	1,868	140,246
3	Hangzhou Guiyu Jiangnan	Auction	Hangzhou	35.0%	1,099	385	108,661
4	Ningbo Young City	Acquisition	Ningbo	51.0%	1,585	808	589,845
5	Tianjin Tuanbohu Project	Acquisition	Tianjin	100%	857	857	457,235
6	Hangzhou Xiaoshan Beigan Project	Acquisition	Hangzhou	22.5%	1,990	448	201,682
7	Guangdong Foshan Qicha Project	Auction	Foshan	100%	1,736	1,736	222,679
8	Hangzhou Tape Factory Project	Auction	Hangzhou	100%	1,174	1,174	78,542
9	Jiaxing EDZ Project	Auction	Jiaxing	100%	736	736	288,864
Total					**18,047**	**10,580**	**2,281,898**

As at 31 December 2016, Greentown Group had land reserves with a total GFA of approximately 29.12 million sqm, of which approximately 13.33 million sqm was attributable to the Group and the total saleable area amounted to approximately 20.72 million sqm, of which approximately 12.21 million sqm was attributable to the Group. The average GFA land cost was approximately RMB3,474 per sqm and the proportion of land reserve in the first-tier and second-tier cities has risen from 37.4% in 2015 to 42.7%.

Further Improvements in Corporate Governance

The Group has established a control system of "one body, four wings", which enables a clearer management structure and business system – "Greentown China" serves as a control platform and a listed entity; "Greentown Real Estate" focuses on the investment and development of real estate projects; "Greentown Project Management" focuses on the real estate project management business; "Greentown Asset Management" is committed to developing a platform for assets operation and financial control, and "Greentown Town Development" strives to building up ideal towns. The adjustment on control structure has proved to be effective and has been realized in an orderly manner as of today – the operating efficiency of Greentown Real Estate has been enhanced effectively; the operating scale of Greentown Project Management has been improved continuously and its leading position in the industry has been consolidated; Greentown Asset Management has commenced business in the commercial factoring and financial leasing fields, and the efficiency of asset operations has realised a substantial increase; Greentown Town Development continually increases the number of projects it controls and actively explores the area of town services and industry systems, forming the basic model for town development.

The formation of the "one body, four wings" control system benefits from the joint implementation of all shareholders. The Board of Greentown China, as the chief decision body for the operation and management of the Company, will take into account advice from all shareholders and make decisions. Duties, powers, procedures, and standards of each board committee and general office have been announced, and directors, supervisors and operators are all required to comply with the same strictly. Accordingly, the corporate governance of the Company has become more regulated and scientific.

Hangzhou Arcadia Town

Stable Financial Foundation, Significant Structural Improvement

Benefiting from the credit support from our largest shareholder CCCG, and the positive prospect of the Company's operations overall, as at 31 December 2016, the net gearing ratio of the Company significantly decreased to 58.1% (31 December 2015: 73.0%), the cash and bank balance and pledged bank deposits totalled RMB24.971 billion, sufficient to cover the RMB10.037 billion borrowings due within one year. The total weighted average interest cost for the Year was 5.9% which marks a remarkable decrease from 7.3%. in 2015.

On 29 March 2016, the Company entered into a syndicate loan agreement with 19 financial institutions under which a three year term loan with an aggregate amount of USD720 million would be made available to the Company at an interest rate of LIBOR plus 3.13% per annum. This was the largest syndicate loan among the PRC real estate companies listed in Hong Kong in that year. Subsequently, the Company also successfully obtained a three-year bilateral facility with an aggregate amount of USD300 million from one of the four top state-owned banks in China with an interest rate of LIBOR plus 3% per annum.

On 15 April 2016, the Company's wholly owned subsidiary, Apex Top Group Limited, issued unlisted senior perpetual capital securities callable in 2019 (the "Perpetual Securities") in the aggregate principal amount of USD400 million, with an initial distribution rate of 5.5% per annum, through a private placement to certain financial institutions, as subscribers. The subscribers simultaneously entered into a total return swap with CCCC International Holding Limited ("CCCI"). CCCI, a wholly owned subsidiary of CCCG, is a connected person of the Company. The issuance of the senior perpetual capital securities has adopted an innovative structure of total return swap arrangement. From the perspective of CCCI, it would receive an annual return of more than 10% after taking leverage in its financing, and from the perspective of the Company, the issuance of the perpetual securities at an initial distribution rate of 5.5% per annum is the lowest record among similarly rated companies. This transaction achieved a win-win situation for both companies and its transaction structure is unprecedented in the market.

The interest expense for the aforesaid financing is substantially lower as compared to previous financings of the same kind, and this has effectively reduced the interest expenses of the Company and further optimized the debt structure of the Company. Meanwhile, the Company was awarded the "Asian Best Debt Management Award (亞洲最佳債務管理大獎)" by The Asset magazine, a prestigious international financial media, an indication that the Company's debt management has been positively recognized by the capital market.

In February 2017, with the strong support from our largest shareholder CCCG and with the corporate credit rating of AAA given by China Cheng Xin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司), the Group successfully received notice from the National Association of Financial Market Institution Investors (中國銀行間市場交易商協會) in relation to the approval of Greentown's issuance of RMB8.9 billion medium-term notes. Greentown Group was among the first batch of domestic real estate enterprises that obtained such approval in 2017, and this manifests the market's confidence in the stable development and financial credibility of Greentown. This is the Group's first permission to issue medium-term notes since the successful issuance of domestic corporate bonds in 2015 and would help the Group to improve its debt structure and reduce the financial costs. On 3 March 2017, the Group completed the issuance of the first batch of medium-term notes amounting to RMB3.0 billion. The funds raised were received on 6 March 2017. The first batch of medium-term notes were issued for a term of 5 years at an interest rate of 5.5%.

In 2016, Greentown Group entered into a strategic cooperation agreement with certain banks including CITIC Bank, Bank of China, Agricultural Bank of China, China Construction Bank and Bank of Communications, and has obtained facilities of more than RMB150 billion from financial institutions.

Hangzhou Taohuayuan

Breakthrough in Quality and Improvement in Cost-effectiveness

In 2016, the Group further achieved a breakthrough in terms of quality. In product design, we considered the customers' residential needs as a core guidance for development, and aimed at innovative design and improvement of residence structures to further enhance the functions and the sense of comfort of residences. For instance, we launched a new design in Hangzhou Willow Breeze (杭州柳岸曉風) which featured three south-facing bedrooms (out of the four bedrooms), a big L-shape balcony, and equipped with seven major storage and intelligent household systems, and such design was very well received by customers. During the production process, we took quality assurance and turnover rate as the core, and strictly controlled the cost. The turnover efficiency for our new projects of the Year was significantly increased. Both Hangzhou Willow Breeze (杭州柳岸曉風) and Hangzhou Jinlin Mansion (杭州金麟府) took only eight months from land acquisition to sale of the properties. During the process of project construction, management and control, the Group paid more attention on process monitoring, details control, implementation of the Japanese-style refined management standards – we launched the activity of "Open Day of Construction Sites Across China" for the first time to allow customers to experience the project construction process in person; in respect of services quality, the big data platform served as our base to improve the living services quality regarding the full living chain of customers and the full life chain of housing, and forming the framework for implementation solutions for the upgrade of customers' complaint response mechanisms like online 95059 and offline service centers, enhancing the speed of responsiveness. Meanwhile, our joint quality inspection team across China would focus on self-inspection and self-rectification, which would effectively improve the overall quality of products and services. We continued to improve the cost-effectiveness and satisfaction level of our customers.

Greentown's high quality products and achievements in innovation were also recognized by the professionals. In November 2016, due to its persistence towards product quality, as well as its concept and practice on innovating products and energetic branding, Greentown received the "2016 Annual Innovative Brand Award (2016年度品牌創新獎)" from The People's Daily. Meanwhile, with its residence format and innovative Chinese sentiment that are difficult to replicate, Hangzhou River South (杭州江南里) received the "Golden Award" for the best international residence. Hangzhou Young City (杭州楊柳郡) received the award of "2016 Chinese Real Estate Design Award (2016中國地產設計大獎)".

Innovative Project Management Creates Great Advantage

As one of the leading companies in the project management industry in China, Greentown Project Management is featured by leveraging or delivering brand value, management expertise and resources network, which has been well received in the market. In 2016, the Company successfully completed the business combination and reorganization of the project management business in Greentown Project Management and the project management business of Bluetown, and realised the phrasal objectives of projects integration, control integration and team integration as scheduled. Meanwhile, Greentown Project Management took "Customization, Platform Building, Value Creating and Profit Sharing" as its core, and built up the new service system and ecological platform across the entire industry chain in property development. As at 31 December 2016, the total number of projects managed by Greentown Project Management was 164 in total, with a planned total GFA of approximately 45.57 million sqm and estimated total saleable amount of approximately RMB253.1 billion. Meanwhile, we delivered the projects of Qiandao Lake Yulan Garden, Hangzhou Xixi Global Commercial Center, Bengbu Chunjiang Mingyue, Yiwu Headquarters Economic Park with a total of 4.54 million sqm. The Greentown Project Management Group has evolved into the nation's largest professional project and management group with leading quality.

Outlook

After over two decades of rapid development, the real estate industry in China has undergone fundamental changes. The days when we relied on the exploding growth based on the "high liabilities, high turnover" model have long gone. Land premiums have basically become non-existent, with the model of financial real estate sector gradually leading the market. Investment and development has been separating from each other, such that professional development has become the prevailing trend in the industry. More attention has been shifted downstream to the value in service delivery from the value of property development.

Looking into 2017, real estate investments will continue to grow, supporting the stable development of the economy. Under the new round of market regulation measures under the idea of "different cities, different policies", it is expected that, in the short run, the progress of "inventory reduction" in third-tier and fourth-tier cities will speed up, there will be tighter regulatory restrictions in first-tier and second-tier cities, and the growth in property sales may even slow down. As large real estate enterprises are striving for larger market share, there may be even keener competition in the industry.

Hainan Haikou Spring Blossom
(project under project management)

Facing reforms and vigorous competition in the real estate industry, in line with the new industry norms, the Group is accelerating its transformation in branding, professionalization, platform development, financial operations and integrated efficient development. The focus of its profit model will be gradually changing to focus on the added value from service and capital, with added value property development serving an ancillary role. The Group's developments will be upgraded from "building homes" to "building lifestyle", as well as from "marketing homes" to "marketing lifestyle". The range of the Group's development is extending from core urban areas to suburban towns. For residential developments, there will be a return to the functionality of dwelling and living, with a view to winning customers with highly cost-efficient products and services. Meanwhile, the Group will gradually develop new businesses, such as capital operations, featured towns constructions, innovative living services, so as to display its competitive advantages with its diversified profit model.

In March 2017, the Group has established Greentown Ideal Life Technology Co., Ltd. based on the foundation of "one body, four wings", serving the purpose of "putting people in the center, starting from living", while establishing a "client-oriented organization and management system" and a "highly responsive client-oriented living services platform". Greentown Ideal Life will cooperate with Greentown Real Estate (investment and development), Greentown Project Management (project management), Greentown Asset Management (asset operations) and Greentown Town Development (town construction) in developing the number-one brand of "integrated service provider for an ideal life in China" in full gear.

In terms of sales precision, the Group will strictly implement the existing principle of "early sales, quick sales, and more sales". Under this principle, the Group pays close attention to market changes, attends to clients' needs, allows flexibility, sets reasonable price range, and maintains the profitability expected by the Company and its shareholders. In the meantime, the Group also starts to develop pilot areas with precise positioning and appropriate marketing in Hangzhou, with the help of tools such as big data to maintain the sales rate and price level in the beginning of sales and continue to accelerate the sales of housing inventory, especially those in the third-tier and fourth-tier cities, increasing the sales rate of the Group's projects as a whole.

In terms of investment expansion, in 2016, the Greentown Group's total contracted sales has exceeded RMB100 billion for the first time. Not only did the Group receive a handsome sum of capital return, but the Group also set our price at a reasonable cap when the Group made a decision on land acquisition, through which the Group successfully avoided acquiring the over-priced projects, as well as secured a sufficient capital amount for 2017, allowing the Company to have investment and development at a greater scale. In 2017, the Group will continue to apply the strategy of "core cities, core areas" in its overall investment. On one hand, it will continue to strengthen the project investments in the first-tier and second-tier key cities. On the other hand, it will moderately increase its investments in the high-quality short term projects in the outstanding third-tier and fourth-tier cities, and will strictly control the quantity of individual projects in the third-tier and fourth-tier cities. Thirdly, we will strategically expand the high-quality small town projects surrounding the first-tier and second-tier cities. We firmly hold the opportunity of "reasonably increasing the residential land of first-tier and second-tier cities". Through various channels including tendering, auctioning and listing, mergers and acquisition, PPP (cooperation between government and social capital), Class I and II Land Utilization (一二級土地聯動), urban redevelopment, old town transformation, strategic cooperation with the transport sector, the Group will seek to maximize the number of high-quality land projects it acquires, further increase the Group's land reserves in Beijing, Shanghai, Guangzhou, Hangzhou and Nanjing, strive to enter into those cities like Shenzhen and Chongqing, increase the number of quality projects in Zhengzhou, Jinan, Ningbo, as well as to basically achieve the target of optimizing and adjusting the structure and modes of land reserve during the Year.

On this foundation, the Group will proceed its internationalization through relying on the advantages of the overseas resources of CCCG, maintaining close attention on high-quality cities in developed countries like the United Kingdom, the United States, and Australia, and developing countries in Southeast Asia, and selectively acquiring high-quality overseas projects.

In terms of product quality, the Group will continue to embrace the Greentown's spirit and disposition, pursue the highest quality, focus on developing highly cost-effective products to meet market demands, and to enhance innovative research and development in the design, layout, functional structure and material matching of the Group's property products. The Group will also upgrade the level of innovative research and development activities on new technologies, new materials, digitalization, green and energy saving technologies, as well as the application thereof. Meanwhile, the Group will construct a joint-laboratory with the Zhejiang University to establish a platform for construction, building inspection and innovative research through industry-academia collaboration. The Group will also construct a joint research and development base with Zhongtian Construction Group (中天建設集團) to engage in industrial turnkey technology development and provide green construction solutions and applications, which will be applied towards our projects including Hangzhou Willow Breeze (杭州柳岸曉風), Shanghai Sincere Garden (上海誠園) (a project under project management) as pilot areas for application. The Group will gradually transform its professional technologies into Greentown's productivity and the core competitiveness of Greentown's products, thereby further enhancing the cost-effectiveness of Greentown's products.

In terms of service upgrades, in order to adapt to the trend of the Chinese society gradually stepping into the age of quality life, the Group will focus on the needs of Greentown's customers and property owners as well as the establishment and operations of Greentown Ideal Life. It will speed up the establishment of business system regarding the maintenance, repair, replacement and exchange services after the delivery of houses. We have established the first housing 4S shop in the PRC. At the same time, leveraging on tools such as the Internet and big data, and combining offline commercial physical shops with offline quality living service packages, the Group will launch a brand-new living services platform, further improving the living quality of its customers and the property owners.

In terms of financial control, the Group has implemented overall budget management with the assistance of expense control digital system, which takes into account all of the Company's operational activities in budgeting plans, and serves to optimize the expense standard and controlling initiatives based on the execution of budget. The Group has also set up a fund settlement center to assess its objectives, enhancing the coordination and management of funds, and raising the efficiency of the use of funds. Meanwhile, the Group has further reinforced the coordination of financing plans and the scientific basis of taxation planning, innovating the financial management model under the project management model. The Group has enlarged profit space and raised the profitability to track down every single item for realization, raised its profitability level and capability, and maintained an optimal cash flow and a reasonable gearing ratio.

In terms of talent incubation, the Greentown Group and Zhejiang University of Technology jointly organize the "Greentown Kindred Spirits class" in which outstanding college undergraduates and post-graduate students are selected for systemic incubation in accordance with the Company's requirements, and through which, the Company will be able to identify distinctive college students in advance. The Group has initiated the "Greentown management school" and organized the second phase of "Rainbow Plan" programme for training of project general managers, so as to establish a base for talent incubation, strengthen its backbone team, and establish the structure of apprenticeship between the Company's senior managers and the backbone staff to meet the Company's demands for talents for its development. The Group adopts incentive mechanisms such as landing project simulating co-investment and actual co-investment and special incentive policy, maintains the market competitiveness of its remuneration incentive mechanisms, seeks to attract outstanding mid- and high-end talents, and rewards the value creators and value contributors to a high degree.

The total saleable housing area of Greentown Group in 2017 is estimated to reach 8.71 million sqm, with the total saleable amount of RMB149.3 billion. Thereinto, the Group will have 105 investment projects or projects for sales by phases. It is expected that the total saleable housing area can reach 5.71 million sqm, and overall saleable amount is expected to reach approximately RMB112.5 billion, of which, the saleable property inventories amounted to RMB55.7 billion, and the expected new saleable property inventories in 2017 is RMB56.8 billion. The saleable housing area in first-tier or second-tier cities is about 1.53 million sqm, and the saleable amount is approximately RMB43.5 billion, representing 38.7% of the saleable amount in 2017. The saleable housing area under the Greentown's projects under project management in 2017 is estimated to reach 3 million sqm, with the saleable amount of RMB36.8 billion.

With the full support of the Company's substantial shareholders including CCCG and The Wharf (Holdings) Limited, a Hong Kong blue chip enterprise, together with our founding shareholders (including Mr Song Weiping, a renowned entrepreneur in real estate industry in China), Greentown has developed professional development and management capabilities in investment and development, project management, assets operations, town construction, living services and other areas of the entire industrial chaim. Meanwhile, during the course of its project development over the years, Greentown has attracted a large number of prestigious and loyal property owners across China with its high-quality and valued-added real estate products and excellent services. It has laid a solid foundation for Greentown's development in the future.

In the future, the Greentown Group will fully display all the characteristics of a mixed ownership enterprise, to promote diversified development in the five major segments of Greentown Real Estate, Greentown Project Management, Greentown Asset Management, Greentown Town Development and Greentown Ideal Life. We always strive to inherit Greentown's spirit in pursuit of the supreme qualities. We believe that the Group is leading the real estate industry with its revolutionary profit model, which will guide Greentown to fulfill its goal of becoming "the integrated service provider for an ideal life", and to form the benchmark of a real estate enterprise incorporating the ideas of "beautiful architecture" and "beautiful life".

Financial Analysis

Revenue

The revenue of the Group mainly derives from the sales of property, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration, etc. During the Year, the revenue from property sales amounted to RMB25,521 million, accounting for 88.1% of the total revenue, and representing an increase of RMB2,195 million or 9.4% from RMB23,326 million in 2015. Such increase was mainly due to the increase in sales area of properties delivered. The total sales area of properties delivered in 2016 was 2,269,171 sqm, representing an increase of 40.9% from 1,610,818 sqm in 2015. The average selling price of properties delivered during the Year was RMB11,247 per sqm, representing a decrease of 22.3% from RMB14,481 per sqm in 2015, which was mainly due to the fact that a large proportion of projects delivered during the Year, such as Xinjiang Lily Apartment, Zibo Lily Garden, Fenghua Rose Garden, were located at third-tier and fourth-tier cities, affecting the average selling prices to a certain extent.

Properties with the revenue recognized by subsidiaries during 2016 were as follows:

Project	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Hefei Jade Lake Rose Garden	High-Rise Apartment, Villa	263,506	2,719	10.7%	10,319
Hainan Blue Town	High-Rise Apartment, Villa	93,841	2,047	8.0%	21,813
Xinjiang Lily Apartment	High-Rise Apartment, Office	136,892	1,786	7.0%	13,047
Qingdao Ideal City	High-Rise Apartment, Low-Rise Apartment, Villa	134,452	1,780	7.0%	13,239
Zibo Lily Garden	High-Rise Apartment, Low-Rise Apartment, Villa	183,002	1,519	6.0%	8,300
Hangzhou Jade Garden	High-Rise Apartment	81,866	1,363	5.3%	16,649
Fenghua Rose Garden	High-Rise Apartment, Villa	121,491	1,283	5.0%	10,560
Jiande Chunjiang Mingyue	High-Rise Apartment	106,766	1,233	4.8%	11,549
Hangzhou Blue Patio	High-Rise Apartment, Low-Rise Apartment, Villa	147,748	1,176	4.6%	7,959
Zhuji Greentown Plaza	High-Rise Apartment, Villa	99,496	920	3.6%	9,247
Zhoushan Changzhidao	High-Rise Apartment	88,615	850	3.3%	9,592
Others		811,496	8,845	34.7%	10,900
Total		**2,269,171**	**25,521**	**100%**	**11,247**

Note: Area sold includes above ground and underground areas.

During the Year, projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB7,288 million, accounting for 28.6% of the property sales, ranking first among all regions. Projects in Hangzhou area achieved sales revenue of RMB6,001 million, accounting for 23.5% of the property sales, ranking second. Projects in Shandong area achieved sales revenue of RMB4,372 million, accounting for 17.1%, ranking third.

During the Year, revenue generated from sales of high-rise apartments, low-rise apartments and serviced apartments reached RMB17,653 million, accounting for 69.2% of the property sales; sales revenue of villas reached RMB6,760 million, accounting for 26.5%; and sales revenue of offices reached RMB1,108 million, accounting for 4.3%.

During the Year, the Group's design and decoration business recorded a revenue of RMB1,660 million, representing an increase of 51.0% from RMB1,099 million in 2015. Such increase was mainly due to the gradual expansion of its design and decoration business year by year, and a steady growth in the customer base as a result of the high degree of recognition among customer forwards the high-end fit-out products and services provided by the Group.

The Group's revenue from project management in 2016 amounted to RMB814 million, representing an increase of 8.8% from RMB748 million in 2015, mainly due to the fact that the Group in recent years has implemented our light assets operation model, whereby we continuously export and deliver externally the brand value of Greentown, management system and resources along the whole industry chain; each core advantage of project management business has been gradually recognized by the industry, and service customers increases and the business scale keeps expanding.

During the Year, the Group's revenue from hotel operations was RMB652 million, representing an increase of 11.6% from RMB584 million in 2015. The increase was mainly due to the additional revenue contributed by several hotels such as Hangzhou Azure Qianjiang Luxury Collection Hotel, Hainan Westin Blue Bay Resort and Zhoushan Westin Zhujiajian Resort, etc, which operations were mature as a result of their growing customer base in 2015. Furthermore, hotels, such as Sheraton Qingdao Licang Hotel, which commenced operations in previous years also recorded an increase in operational revenue as a result of their stable customer base.

During the Year, the Group's rental income from investment properties was RMB139 million, representing an increase of 12.1% as compared to that of RMB124 million 2015, mainly attributed by the rental income from Oakwood Residence Beijing. The occupancy rate of Oakwood Residence Beijing was 87.4%, representing a considerable increase from 83.6% in 2015.

Lin'an Mantuo Garden

Gross Profit Margin from Property Sales

During the Year, the Group's gross profit from property sales was RMB4,611 million and the gross profit margin of property sales was 18.1%, in line with 18.0% in 2015. Among the projects delivered during the Year, gross profit margin of a few properties, such as Zhuji Greentown Plaza, Cixi Grace Garden, Daqing Majestic Mansion, was very low (as a result of the macro control measures imposed by the central government on the real estate industry over the past few years). Excluding these properties, Group's gross profit margin from properties sales was 21.9%, higher than the comparable gross profit margin of 20.9% in 2015.

Other Income

During the Year, the Group realized other income of RMB977 million, representing an increase of RMB128 million from RMB849 million in 2015, mainly due to the increase of interest income of RMB168 million.

Selling and Administrative Expenses

The Group's selling and administrative expenses during the Year amounted to RMB1,347 million and RMB2,861 million, respectively, and RMB4,208 million in total, representing an increase of 10.7% from RMB3,802 million in 2015, which were mainly due to human resources cost and the increase of net foreign exchange loss. Excluding the impact of net foreign exchange loss, the selling and administrative expenses recorded an increase of 9.0% as compared with last year.

Human resources cost, which is the largest single expense item in selling and administrative expenses, amounted to RMB1,476 million in 2016 (2015: RMB1,237 million), representing an increase of 19.3% as compared with last year. The absolute amount of human resources cost increased as a result of the increased presales amount owing to the Group's greater effort to reduce inventories in response to the steady recovery of the real estate market. Expenses in marketing and related fees during the Year amounted to RMB599 million, representing a slight increase as compared with RMB584 million in 2015. During the Year, the daily operating expenses amounted to RMB929 million (2015: RMB991 million), representing a decrease of 6.3% as compared with that of last year. This decrease was mainly due to the Company strived to enhance the cost-effectiveness of marketing expenses and strictly controlled different expenses for better impacts by optimizing the costs and expenses management system.

The administrative expenses for the Year included a net foreign exchange loss of RMB528 million, representing an increase of RMB102 million from RMB426 million in 2015. The increase was mainly due to the appreciation of USD against RMB which caused the USD:RMB exchange rate to increase by approximately 6.7% and high amount of foreign currency borrowings of the Group. As at 31 December 2016, the Group had foreign currency borrowings and offshore senior notes with total amount of USD2,042 million (as at 31 December 2015: USD2,203 million).

Financing Cost

The total interest expenses during the Year was RMB3,468 million, representing an increase of RMB440 million from RMB3,028 million in 2015, mainly due to the increase in weighted average capital. The weighted average interest cost during the Year was 5.9% per annum, representing a remarkably improvement from 7.3% per annum in 2015. This decrease was mainly because the Group adopted a series of measures to adjust the debt structure of the Group in order to achieve a continuous reduction in financing cost and this included the successful completion of the exchange offer in relation to the offshore senior notes and the issuance of the domestic corporate bonds in the second half of 2015 and the early redemption of certain offshore senior notes in the first half of 2016. During the Year, the capitalized interest was RMB2,431 million, at a capitalization percentage of 70.1% which was in line with 70.7% in 2015. During the Year, interest expenses recorded in the consolidated statement of profit or loss and other comprehensive income was RMB1,037 million (2015: RMB886 million).

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures and associates amounted to an aggregate gain of RMB1,425 million, representing a decrease of RMB243 million from a gain of RMB1,668 million in aggregate in 2015. The Group's share of results of joint ventures and associates in 2015 included the revenue from disposal of the real estate projects held by Shanghai Sunac Greentown Investment Holdings Co., Ltd. and Sunac Greentown Investment Holdings Limited. The share of results of these two associates of the Group for 2015 amounted to RMB714 million in aggregate. Excluding the impact of this factor, the share of results of joint ventures and associates for the year, represented an increase of RMB471 million, or 49.4%, from RMB954 million as per the comparable data of the previous year.

Hangzhou Wulin No. 1, the project delivered in the Year, was a high-end fit-out apartment project, with a higher average selling price, a lower land acquisition price, and a relatively higher gross profit margin from property sales, which, to a certain extent, has lifted the share of the results of associates for the Year.

Yiwu Rose Garden

Projects with the revenue recognized by joint ventures and associates in 2016 were as follows:

Projects	Category	Type of Properties	Area Sold (sqm) (Note)	Sales Revenue (RMB million)	% of Total	Average Selling Price (RMB/sqm)
Jinan Lily Garden	Joint Venture	High-Rise Apartment	188,833	1,633	5.7%	8,648
Yuyao Mingyuan	Joint Venture	High-Rise Apartment, Villa	141,076	1,554	5.5%	11,015
Hangzhou Zhijiang No. 1	Joint Venture	High-Rise Apartment	82,576	1,495	5.3%	18,105
Hangzhou Wulin No. 1	Associate	High-Rise Apartment	101,100	5,853	20.6%	57,893
Yiwu Rose Garden	Associate	High-Rise Apartment, Villa	244,087	4,234	14.9%	17,346
Shanghai Changfeng Center	Associate	High-Rise Apartment, Office	53,287	1,708	6.0%	32,053
Hangzhou Idyllic Garden	Associate	High-Rise Apartment, Villa	82,312	1,452	5.1%	17,640
Jinan National Games Project	Associate	High-Rise Apartment, Villa	117,979	1,417	5.0%	12,011
Others			665,643	9,068	31.9%	13,623
Total			**1,676,893**	**28,414**	**100%**	**16,944**

Note: Area sold includes above ground and underground areas.

Taxation Expenses

During the Year, taxation included the LAT of RMB431 million (2015: RMB861 million) and enterprise income tax of RMB1,095 million (2015: RMB814 million). During the Year, the effective enterprise income tax rate was 37.2% (excluding share of results of joint ventures and associates and the losses of certain offshore subsidiaries), higher than the statutory tax rate of 25.0%. It was mainly attributable to the early provision for withholding tax on dividend, the unrecognized deferred tax assets of the losses of certain onshore subsidiaries, fair value change on cross currency swaps, fair value changes on early redemption options of senior notes and the tax effect of certain non-deductible expenses.

Gain from Changes in Fair Value of Investment Properties

Investment property is a property held for rental earning and measured at fair value. The Group commissioned DTZ Debenham Tie Leung Limited to provide assessments on investment properties. According to the results of the assessment, the gain from changes in fair value of investment properties amounted to RMB50 million in 2016 (2015: a gain of RMB40 million).

Fair Value Changes on Cross Currency Swaps

In May 2013, the Company issued senior notes in an amount of RMB2,500 million and entered into several cross currency swap contracts with BOCI Financial Products Limited, Standard Chartered Bank (Hong Kong) Limited, and Industrial & Commercial Bank of China (Asia) Limited. Those cross currency swaps have been settled in the Year. The fair value changes on such cross currency swaps realized a gain of RMB56 million (2015: a loss of RMB129 million).

Shengzhou Greentown Mansion

Hangzhou River South

Fair Value Changes on Early Redemption Options of Senior Notes

All of the senior notes of the Group contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. During the Year, the fair value changes on early redemption options of senior notes was a loss of RMB101 million (2015: a gain of RMB258 million.), which was mainly due to the exercise of the early redemption options on expired 2018 senior notes.

Provision and Reversal of Provision for Impairment Losses for Certain Assets

In light of the rapid movement of market environment, the Group commissioned DTZ Debenham Tie Leung Limited to provide assessments on certain properties. According to the results of the assessment, Zhoushan Putuo Greentown Industry Investment Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB35 million in 2016 (2015: a reversal of impairment provision of RMB25 million), and Xinchang Greentown Real Estate Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB3 million for its hotel properties (2015: a reversal of impairment provision of RMB6 million).

The Group provided for impairment loss of certain subsidiaries for their completed properties for sale during the Year as follows:

Company	Project	Impairment Loss (RMB million)
Greentown Hengji Daqing	Daqing Majestic Mansion	20
Zhuji Yuedu	Zhuji Greentown Plaza	20
Zhejiang Hongshun	Lin'an Mantuo Garden	13
Taizhou Greentown Taiye Real Estate Development Co., Ltd.	Taizhou Ningjiang Mingyue	8
Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	Hefei Jade Lake Rose Garden	8
Total		**69**

In addition, an impairment loss of RMB82 million (2015: RMB98 million) was made on the amount due from Shaoxing Greentown Baoye Real Estate Development Co., Ltd. (Shaoxing Jade Garden), a joint venture of the Group.

Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties. As at 31 December 2016, the balance of pre-sale deposits of the Group was RMB38,423 million, representing an increase of RMB16,200 million or 72.9% from RMB22,223 million as at 31 December 2015.

As at 31 December 2016, the balance of pre-sale deposits of joint ventures and associates was RMB50,905 million, representing an increase of RMB20,266 million or 66.1% from RMB30,639 million as at 31 December 2015.

The significant increase in the above-mentioned pre-sales deposits was mainly due to the fact that housing reserves and new housing reserves of the Greentown Group had higher sales rate, as well as the sales capital had a higher return rate, during the Year.

Financial Resources and Liquidity

As at 31 December 2016, the Group had bank balances and cash (including pledged bank deposits) of RMB24,971 million (as at 31 December 2015: RMB18,239 million). Total borrowings amounted to RMB47,834 million (as at 31 December 2015: RMB44,994 million) and the net borrowings (total borrowings less bank balances and cash) amounted to RMB22,863 million (as at 31 December 2015: RMB26,775 million). The net gearing ratio (measured by net borrowings over net assets) was 58.1%, representing a significant improvement as compared to 73.0% as at 31 December 2015, which was mainly due to the fact that the Group actively expanded sales activities and promoted the reduction of inventories, achieving continuous breakthroughs in sales, and returning more capital from the sales, as well as our prudent approach in land acquisition, as a result of which we had not purchased any land at a high price.

Greentown Group has obtained facilities of more than RMB150 billion from financial institutions, of which approximately RMB34 billion had been actually utilized as at 31 December 2016.

Material Acquisitions and Disposals

During the Year, the shareholders of Bluetown, a subsidiary of the Company at the relevant time, underwent a restructuring of Bluetown by way of demerging and continuing it into two entities, namely New Bluetown and Bluetown (i.e. the original entity after the restructuring). In connection with the aforesaid restructuring, on 25 June 2016, the Group entered into an acquisition agreement and the disposal agreement, pursuant to which the Group (i) acquired the remaining 64.6% equity interest in New Bluetown from the other shareholders at an adjusted total consideration of approximately RMB926 million, and (ii) disposed of its 35.4% equity interest in Bluetown (after the restructuring) to Mr Song Weiping at an adjusted total consideration of approximately RMB135 million, respectively. As at 31 December 2016, the Group has paid approximately RMB617 million of the consideration for the acquisition of New Bluetown, and has received approximately RMB76 million of the consideration for the disposal of Bluetown. Upon completion of the acquisition and the disposal, New Bluetown has become a wholly-owned subsidiary of the Company and the Company has ceased to hold any interest in Bluetown. In addition to the above, on 25 June 2016, the Group entered into another acquisition agreement pursuant to which, Greentown Real Estate Group Co. Ltd., a subsidiary of the Company, agreed to acquire 60% equity interests in Ningbo Innovative District Intellectual Greentown Construction Co., Ltd. at the total consideration of approximately RMB103 million from Bluetown. For further details of the above transactions, please refer to the Company's announcement dated 25 June 2016 and the Company's circular dated 16 August 2016.

On 21 November 2016, the Group and an independent third party entered into a property rights trade contract pursuant to which the Group agreed to dispose of 24% equity interest held in an associate named China Investment Development Co., Ltd., at a consideration of RMB684 million. The disposal increased the profit attributable to owners of the Company by RMB575 million for the Year.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is the People's Republic of China, and the majority of the income and expenditure were transacted in Renminbi. The Group had deposits in foreign currencies, amounts due from and to related parties denominated in foreign currencies, and amounts due from and to the third parties denominated in foreign currencies, as well as bank borrowings and overseas senior notes balance at an aggregate amount of approximately USD2,042 million. As such, the Group was exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates. However, the Company is actively discussing with major banks on the foreign exchange hedging arrangement, no foreign exchange hedging arrangements was entered into as at 31 December 2016.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2016, such financial guarantees amounted to RMB27,361 million (as at 31 December 2015: RMB21,845 million).

Pledge of Assets

As at 31 December 2016, the Group pledged buildings, hotels, construction in progress, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB37,698 million (as at 31 December 2015: RMB29,370 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2016, the Group had contracted, but not provided for, capital expenditure commitments of RMB11,000 million (as at 31 December 2015: RMB16,465 million) in respect of properties for development, properties under development and construction in progress.

Capital Expenditure Plan

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently the Group has no material capital expenditure plan.

Human Resources

As at 31 December 2016, the Group employed a total of 5,334 employees (2015:5,328). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

Biographical Details of Directors and Senior Management

SONG Weiping

Co-chairman of the Board and Executive Director

Born in June 1958

Mr SONG Weiping founded our Company in January 1995, and is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, design and marketing. He is also a director of certain subsidiaries or associates of the Company. Mr SONG graduated from Hangzhou University with a bachelor's degree in history in 1982. In 2004 and 2005, Mr SONG was honored as one of the Ten Leaders of the Residential Property Sector in Zhejiang awarded jointly by Zhejiang Daily, China Housing Industry Association and Special Committee of the China Construction Industry Association. In 2004, Mr SONG received the China Construction Architecture Award (Individual Contribution Award). Mr SONG ranked as one of the "Top Ten Outstanding Real Estate Leaders of New Urbanization" in 2014. He is the vice chairman of the sixth Council of China Real Estate Association and the vice chairman of Zhejiang Provincial Real Estate Association. Mr SONG is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by holding shares through his controlled corporations, namely Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. He is also a director of Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. Mr SONG was redesignated from the chairman of the Board to co-chairman of the Board with effect from 27 March 2015.

LIU Wensheng

Co-chairman of the Board and Executive Director

Born in August 1960

Mr LIU Wensheng is the secretary of the board of directors, the company secretary and the chief economist of CCCC. He also serves as the chairman of CCCC International Holding Limited (中交國際(香港)控股有限公司) and Friede Goldman United, Ltd., as well as the director of CCCC Dredging (Group) Holdings Co., Ltd. (中交疏浚(集團)股份有限公司). Mr LIU graduated from Dalian Maritime University (formerly known as Dalian Maritime College) with a bachelor's degree in Engineering. He is a senior engineer. Mr LIU joined China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司) in 1982 and possesses rich experience in operation and management. He served as the deputy general manager of CCCC Tianjin Dredging Co., Ltd. (中交天津航道局有限公司), the vice-chief economist and the general manager of corporate planning of China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司) and the chief economist of CCCG. Mr LIU was appointed as the non-executive Director of the Company on 22 June 2015 and he was subsequently redesignated as our executive Director and was appointed as co-chairman of the Board on 15 January 2016.

SUN Guoqiang

Executive Director
Born in October 1966

Mr SUN Guoqiang is the chairman of the board and general manager of CCCG Real Estate Group Co., Ltd (中交房地產集團有限公司), a subsidiary of CCCG. Mr SUN joined the CCCG in 1991 and has a wealth of experience in management and administration. Mr SUN was a director and general manager of CCCC Fourth Harbor Engineering Co., Ltd. (中交四航局). Mr SUN graduated from Jiangxi Industrial University with a bachelor's degree in water engineering. He has also obtained a master's degree in water structural engineering from Tianjin University and a master's degree in business administration from Cheung Kong Graduate School of Business. Mr SUN was appointed as the executive Director of the Company on 27 March 2015.

SHOU Bainian

Executive Director
Born in March 1954

Mr SHOU Bainian graduated from Hangzhou University with a bachelor's degree in history in 1982. Between 1982 and 1998, he worked at the government office of Yin County of Zhejiang Province, the general office of Ningbo Municipal Government and China Huaneng Group's Zhejiang subsidiary. Mr SHOU joined us in April 1998. He is a vice chairman of Hangzhou Real Estate Association. Mr SHOU is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, holding shares through his controlled corporation, Profitwise Limited. He is also a director of Profitwise Limited. Mr. Shou resigned as an executive vice chairman of the Board and a member of the investment committee with effect from 27 March 2015. He also resigned as the chief executive officer of the Company with effect from 22 June 2015.

CAO Zhounan

Executive Director and Chief Executive Officer
Born in April 1969

Mr CAO Zhounan graduated from Zhejiang University of Finance & Economics (浙江財經學院) in 1991, majoring in financial accounting. He obtained a Master's Degree from Université du Québec, Canada in 2009, majoring in Business Administration. Mr CAO started his career in 1989. From 1991 to 1995, he served as the deputy chief, the chief and the secretary of Zhejiang Provincial Finance Bureau. From 1996 to 1998, seconded by Zhejiang Provincial Party Committee (浙江省委組織部), he took up the position as an assistant to the county mayor of the People's Government of Yunhe County in Zhejiang Province (浙江省雲和縣人民政府). From 1998 to 2001, he was the deputy division chief (副處長) of the Zhejiang Provincial Finance Bureau. From 2001 to 2005, he served as an assistant to the general manager of Zhejiang Provincial Railway Investment Group Co., Ltd. (浙江鐵路投資集團). Form 2005-2009 he served as the vice general manager of Zhejiang Provincial Railway Investment Group Co., Ltd. From 2004 to 2009, he was appointed as the chairman of Zhejiang Asset Management Company (浙江資產管理公司). Mr Cao joined Greentown Real Estate in February 2009 as the executive general manager and was responsible for the overall operation and management in relation to the Group companies and its subsidiaries. Mr CAO was appointed as an executive director of the Company from 1 July 2011 to 27 March 2015. On 24 March 2015, he was appointed as a director of Greentown Real Estate. Mr CAO was appointed as our executive Director and chief executive officer on 22 June 2015, in which he is responsible for the overall operations and management of Greentown China. Currently, Mr CAO also serves as a director of Greentown Real Estate, Greentown Project Management, Greentown Asset Management, Greentown Town Development.

LI Qingan

Executive Director
Born in May 1966

Mr LI Qingan graduated from the Department of Management (Engineering and Finance Accounting Profession) of Changsha Communications University (長沙交通學院管理系) with a bachelor's degree in Engineering and Finance Accounting. He is a senior accountant. Mr LI started his career as a financial accountant of the Ministry of Transportation and Communications in July 1989. Mr LI joined China Road & Bridge Corp. (CRBC, 中國路橋集團) in September 1998 and has rich experience in finance management. He served as the general manager of finance and accounting department of CRBC, the general manager of finance and accounting department of CCCC, the provisional party secretary and the director of CCCC Finance Company (中交財務公司). Mr LI joined the Company in March 2015. Currently, Mr LI also serves as an executive director of Greentown China, in which he is responsible for the financial and capital management of the company, and he also serves as the Chairman of Greentown Asset Management, as well as a director of Greentown Real Estate, Greentown Project Management, and Greentown Town Development. Mr LI was appointed as our executive Director on 22 June 2015.

LI Yongqian

Executive Director
Born in November 1974

Mr LI Yongqian graduated from Zhengzhou University (formerly known as Zhengzhou University of Technology) with a bachelor's degree in Architecture. He obtained a master's degree in Business Administration from Beijing Institute of Technology and a doctor's degree in Law from Central University for Nationalities. He is a senior engineer. Mr LI joined CCCG in January 2014 with rich experience in operation and management. He served as the general manager of the coordination and management department of China State Construction Real Estate Co., Ltd. (中國中建地產有限公司), the deputy general manager of China Hydropower Construction Group Real Estate Co., Ltd. (中國水電建設集團房地產有限公司), the deputy general manager of the real estate division of China Electric Power Construction Group (中國電力建設集團) and the deputy general manager of the real estate division of CCCG. Mr LI joined the Company in March 2015. Currently, he serves as an executive director of Greentown China, and he also serves as the Chairman of Greentown Real Estate, as well as a director of Greentown Project Management, Greentown Asset Management, Greentown Town Development. Mr LI was appointed as our executive Director on 15 January 2016.

JIA Shenghua

Independent Non-Executive Director
Born in January 1962

Mr JIA Shenghua is a professor of Zhejiang University and serves as the director of Zhejiang University's Property Research Center. Mr JIA graduated from Northwest Agricultural University with a doctorate degree in agricultural economics and management. Since 1989, Mr JIA has been teaching and conducting researches in property economics, property development, and enterprise management in China. He furthered his study in Germany from 1993 to 1994. He is currently a member of Zhejiang Enterprises Management Research Society, Zhejiang Land Academy and Hangzhou Land Academy. Mr JIA is also an executive council member of the Global Chinese Real Estate Congress, a council member of the Zhejiang Provincial Real Estate Association, and a member of the Expert Committee of the China Real Estate Research Association. At present, Mr JIA acts as an independent non-executive director of Yinyi Real Estate Co., Ltd. (stock code: 000981.SZ), Rongan Property Co., Ltd. (stock code: 000517.SZ), China Calxon Group Co., Ltd. (stock code: 000918.SZ) and Hangzhou Binjiang Real Estate Group Co., Ltd. (stock code: 002244.SZ), all of which are listed in Shenzhen. Mr JIA was appointed as our independent non-executive Director on 22 June 2006.

KE Huanzhang

Independent Non-Executive Director

Born in August 1938

Mr KE Huanzhang is currently the chief planning consultant of Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE was graduated in 1962 from Southeast University (東南大學) (formerly the Nanjing Industrial Institute (南京工學院)) and his major was construction. Mr KE has over 40 years of experience in the areas of housing, urban rural development and town planning. From 1979 to 1986, Mr KE served as the deputy division chief and deputy director-general of the Beijing Planning Bureau (北京市規劃局). From September 1986 to March 2001, Mr KE was the dean and senior town planning professor of Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE was appointed as our independent non-executive Director on 22 June 2009.

SZE Tsai Ping, Michael

Independent Non-Executive Director

Born in June 1945

Mr SZE Tsai Ping, Michael is a fellow of Institute of Chartered Accountants in England and Wales, Hong Kong Institute Certified Public Accountants and Association of Chartered Certified Accountants. Since 2007, Mr SZE has been appointed as an independent non-executive director of Harbour Centre Development Limited (stock code: 00051.HK), and also served as the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee, of that company. Mr SZE has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) degree from the University of Hong Kong. He was a former member of the Securities and Futures Appeals Tribunal. He was also a former council member and a member of the Main Board Listing Committee of the Stock Exchange of Hong Kong Limited. Mr SZE was appointed as our independent non-executive Director on 22 June 2006.

HUI Wan Fai

Independent Non-Executive Director

Born in April 1976

Mr HUI Wan Fai is the managing partner of PAG (formerly known as Pacific Alliance Group). Mr HUI has previously served the Blackstone Group as a managing director. Mr HUI was a managing director of Mellon HBV Alternative Strategies LLC, a New York based hedge fund under Mellon Bank, from 2005 to 2006 where he acted as the head of distressed investment for China. Mr HUI obtained a master's degree in Business Administration from INSEAD in 2004 and a master's degree in International and Public Affairs from the University of Hong Kong in 2002. Mr HUI obtained a bachelor's degree in Business Administration from the University of Hong Kong in 1998. Mr HUI holds the qualifications of Certified Public Accountant from the Association of Chartered Certified Accountants, United Kingdom, Chartered Financial Analyst from the CFA Institute, the United States of America and Associate of HKICS from Hong Kong Institute of Chartered Secretaries, Hong Kong. Mr HUI was appointed as our independent non-executive Director on 1 April 2012.

Senior Management

YING Guoyong, born in September 1961, is currently the executive general manager of Greentown China and a director of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the development and management of the Group. Mr YING graduated from Hangzhou University majoring in law and obtained a bachelor's degree. Mr YING has over 20 years of experience in operation and management. He began his career in July 1985 and used to work in the Teaching and Research Group of Zhejiang Province CPC. School, the Corporate Office of CPC Youth of Zhejiang Province Committee and Zhejiang Youth Travel Service Co. Ltd. and Zhejiang China Travel Greentown Investment Property Co., Ltd (浙江中旅綠城投資置業公司). Mr YING joined the Group in June 2001.

DU Ping, born in December 1970, is currently a vice president of Greentown China. He is primarily responsible for the building of corporate culture and value, corporate brand management, customer service management of the properties and operation of digital management platform of the Group. Mr DU graduated from Hangzhou University with a bachelor's degree in arts. Mr DU began his career in July 1990 and used to work in Hangzhou Daily (杭州日報社) as the reporter, the senior reporter, the chief reporter, the sports director, the director of the financial news center, and the editorial board member. Mr DU joined the Group on 9 March 2015.

FUNG Ching, Simon, born in February 1969, is the Chief Financial Officer, Company Secretary and one of the authorised representatives of the Company. Prior to joining the Group in August 2010, Mr FUNG served as the chief financial officer and secretary to the board of directors of Baoye Group Company Limited (寶業集團股份有限公司), a company listed in Hong Kong (stock code: 02355.HK), between 2004 and 2010, and he worked in PricewaterhouseCoopers between 1994 and 2004. Mr FUNG has over 12 years of experience in managing finance and accounting functions, mergers and acquisitions, fund raising and investor relations for PRC corporations listed in Hong Kong, and has 10 years of experience in auditing, accounting and business advisory with a "Big-4" international accounting firm. Mr FUNG graduated from Queensland University of Technology in Australia with a bachelor's degree, majoring in accountancy. He is a fellow of Hong Kong Institute of Certified Public Accountants and a fellow of the CPA Australia. Mr FUNG is currently an independent non-executive director of Hainan Meilan International Airport Company Limited (海南美蘭國際機場股份有限公司), a company listed in Hong Kong (stock code: 00357.HK), and he also serves as a non-executive director of Baoye Group Company Limited. Mr FUNG was appointed as an independent non-executive director of China Logistics Property Holdings Company Limited (中國物流資產控股有限公司) (stock code: 1589.HK) with effect from July 2016.

WANG Ke, born in June 1978, is currently a vice president of Greentown China and primarily responsible for the management of the Group's product centers. Mr WANG graduated from Shanghai Tongji University with a bachelor's degree in arts and design. Mr WANG began his career in July 2002 and used to work as a designer in Swiss Lemen Architectural Design Firm (瑞士蕾萌建築設計事務所) and the Architectural Design and Research Institute of Tongji University. Mr WANG joined the Group in March 2005 and served in various positions such as Designer of the Planning Design Department of Greentown Group, the Deputy General Manager of Huzhou Majestic Mansion Project, the Deputy General Manager of Suzhou Rose Garden Project, the General Manager of Suzhou Taohuayuan Project.

YANG Wei, born in May 1981, is currently a vice president of Greentown China and primarily responsible for human resources of the Group and administrative management. Ms YANG graduated from Hangzhou Normal University with a master's degree in Ethnomusicology. Ms YANG has certificates of Certified Human Resources Manager, Certified Qualification of Grade II Counseling Psychologist and Intermediate Economist. Ms YANG began her career in February 2004 and has worked as a teaching staff in the Art Department of Zhejiang University of Technology as well as the secretary of the chairman and the deputy general manager of Wuyang Construction Co., Ltd. (五洋建設集團). Ms YANG joined the Group in December 2009 and served as the General Manager and Vice-president of the operation center of Greentown Property Construction Company.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

Lin’an Spring Blossom

Environmental and Social Responsibility Report

About This Report

Basis of Preparation

It is the first Environmental and Social Responsibility Report (the "Report") prepared by the Company for the public. The report discloses the performance of the Group in the environmental and social aspects in 2016. The Company has prepared this Report in accordance with Appendix 27, the "Environmental, Social and Governance Reporting Guide" in the Listing Rules. This Report shall be read in conjunction with the "Environmental, Social and Governance Reporting Guide" of the HKSE. The key principles, objectives and particulars guiding the disclosure of environmental and social performance are available on HKSE's website.

Scope of the Report

The purpose of this Report is to give a balanced account of the Group's environmental and social policies and performance. Unless otherwise stated, the scope of this Report covers the Company and its subsidiaries for the reporting period from 1 January to 31 December 2016. The content regarding the corporate governance of the Company will be presented separately in the section headed "Corporate Governance Report" in this annual report.

Disclaimer of the Report

This Report focuses on process management by emphasizing the importance, substantiality, balance, readability of the contents, and introducing the philosophy, actions, effectiveness and commitments of the annual performance. The Company is responsible for the reliability, truthfulness and objectivity of the information in this Report. We would like to enhance the communication and exchange with our stakeholders and display the transparency of the Company through the publication of this Report, as well as to achieve sustainable development in the economic, social and environmental area.

I. RESEARCH AND DEVELOPMENT OF PRODUCTS

Committed to be the No. 1 "integrated service provider for an ideal life", the Group always focuses on product quality and customer satisfaction during the course of product development. We actively apply environment-friendly technologies and materials, and produce products that comply with the environmental protection regulations as required by the government, including the implementation of green construction standards, and the application of renewable energies including solar power.

Meanwhile, in order to improve the industrialization of building construction and better implement the concept of environmental protection, the Group has endeavored to undertake research and development (R&D) activities and apply industrialized construction technologies. In 2016, the Group applied the PC prefabricated construction technique for a number of projects in Beijing, Shanghai, Hangzhou, and Jinan, of which, the assembled prefabrication units including folded floor slab, stair cases and external wall panels. In 2017, the Group will continue to invest in the R&D of industrialized construction technologies and green construction technologies. We also plan to set up a R&D base and a laboratory of construction techniques in the outskirt of Hangzhou.

II. ENVIRONMENTAL PROTECTION

While pursuing refined quality and excellent services, the Group never ignores the environmental impact of its operations. The Group has long been practicing the idea of saving energy and effectively utilizing resources throughout its daily operations by formulating relevant energy-saving polices and annual energy-saving objectives, promoting the idea of "green office" and encouraging our employees to conserve energy and reduce emissions. The Group solicits advices and suggestions on energy conservation and environment protection from our employees through suggestion box, email, and meetings on a regular basis.

Currently, "green office" activities conducted within the Group include:

- cleaning and maintaining the lights bulbs and air-conditioners regularly (at least twice a year) to make sure that they work efficiently;
- posting labels on the switches of all lighting devices to remind employees to switch off the light before they leave;
- keeping the room temperature at 24 to 26° C and making sure that the setting of temperature controllers is normal;
- putting insulation film on the windows to avoid direct sunlight and reduce the loading of air-conditioners;
- procuring equipment and electrical products that have high energy efficiency;
- encouraging our employees to communicate electronically (e.g. by email) to reduce paper consumption;
- encouraging our employees to use methods such as electronic scanning or electronic fax to reduce photocopying;
- promoting two-sided printing on drafts and internal documents, and posting labels on all printers and copiers to remind employees to reduce paper consumption;
- replacing office waste plastic bags less frequently;
- recycling and reusing old computer accessories and electrical appliances;
- replacing disposable batteries with rechargeable ones;
- setting up recycling stations to encourage our employees to recycle waste paper, toner cartridges, rechargeable batteries, light bulbs and fluorescent tubes, etc.

While restraining our own daily behaviors, the Group has also put forward corresponding environmental management requirements for our contractors and suppliers of property development. For more information, please refer to the section headed "Supply Chain Gatekeeping" in this Report.

During the Year, the Group has compiled with the applicable laws and regulations that have a significant impact on the Company in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Meanwhile, the Group is also devoted to environmental welfare services. Since 2015, Greentown has participated in a large-scale environmental welfare activity namely "Saving Minqin, Delivering Green" (拯救民勤•綠色傳遞) for two consecutive years. Minqin, being a major stop along the ancient Silk Road, has now become one of the four major sources of dust storms in China. Over the past two years, with the accumulated donation of RMB5,399.35 million from its employees and owners, Greentown has planted 53,993 Haloxylon ammodendron trees (a drought-tolerant desert plant) in the Minqin desert, and successfully turned 771 mu of desert into a vivid "Greentown Forest".

In addition, on 18 December 2016, a subsidiary of Greentown in Hainan participated in a large-scale environmental welfare activity called "Protecting the Beach with Ten Thousand People" (萬人保護沙灘) which was held in Hainan Blue Town. The event received an overwhelming response and was participated by 11,017 volunteers from Hainan Province. As confirmed by the international certification authority, it set the new world record of the largest beach protection activity.

III. BELIEF IN QUALITY

"Quality has been the basis and belief of Greentown for 22 years."

As early as 1995 when the Group was founded, the ultimate pursuit of aesthetics and quality was injected into the genes of Greentown. Each property of the Group, in terms of investment, construction technology, auxiliary facilities, residential technology, etc. has a set of strict system and standards, covering design planning, project management, supervision and other sessions to maintain a pure genealogy of Greentown family and achieve the "top workmanship" in the industry.

1. *Design Planning*

As always, the Group selects to work closely with the international top-notch design league, and control the product quality from the very beginning by employing the advanced philosophy and international vision recommended by our various partners.

2. *Project Management*

Meanwhile, the Group has established long-term partnerships with many well-known domestic construction companies to ensure the construction quality of each project. For the development of the Group's own projects, we have also created a "one household, one file" (一戶一檔) management system. We take records and save files of all the hidden projects and project key nodes for each household.

In addition, the Group has sent Greentown's project management personnel to Japan for studying and inspection for four times since July 2015. We have also tried to implement Japanese management style for certain projects since September 2015.

Since 2016, Greentown has begun to integrate the Internet into the whole construction process to achieve "Internet + industrial manufacturing". Several projects of the Group have established online management platform for construction quality monitoring.

3. *Supervision System*

In terms of quality supervision, Greentown always adheres to the most stringent standards. We have built a comprehensive supervisory system from the perspective of project companies, third party companies, the Group, and customers, etc.

In September 2016, Greentown organized a nationwide joint quality inspection. The joint inspection team consisted of 8 professional function centers, 11 teams and 199 people. The inspection targets involved 67 key projects in the country from Greentown Real Estate, Greentown Project Management and Greentown Town Development. It also involved various sectors including design, engineering, landscape, materials, fine decoration, marketing, services and property management. The quality inspection has achieved remarkable results.

In November 2016, Greentown launched an internal satisfaction survey, covering more than 10% of Greentown's customers, including prospective owners to whom we had not delivered products yet, and existing owners who had been living in our houses for years. They were asked to give marks on 70 details. The results could be used to evaluate the quality of Greentown projects on one hand, and on the other hand, it could facilitate the upgrade and improvement of Greentown products based on the actual needs of customers.

4. *Advertising*

To raise the awareness of the potential legal risk of advertisement selling, and make sure our publicity and sales work are legitimate and in compliance with relevant rules, the Company has formulated Compliance Guidelines on Advertising and Promotion by referring to the Advertisement Law of the People's Republic of China, Regulations on Control of Advertisements and Regulations on Real Estate Advertising. In this way, we effectively protect the Company and home-owners' legitimate interests as well as the brand value of Greentown.

IV. COMPLAINT MECHANISM

In view of the possible risk of receiving complaints about products and services, the Company has made a series of management policies and standards.

1. *Greentown China Quality Management Standard*

   This standard is prepared based on the practical experience of Greentown's quality management, which has consolidated the core contents of Greentown's management standards and technical standards. We further increase the quality control efforts in the area where the customers care most, clearly defining violation and omission behaviors that may cause serious quality safety hazard or induce a complaint, and putting a price on it. The effective implementation of process control ensures that key management actions will be taken to achieve front-end control of customer complaints, thereby improving product quality and service quality.

2. *Greentown China Basic Norms on Customer Complaint Handling*

   This standard clearly defines the classification of customer complaints, the level of responsibility, the requirements of handling, etc. It also establishes the principles to handle a complaint, and determine the duties, division of work and procedures when handling a customer complaint in each level. It also established an accountability mechanism to ensure that the customer complaint can be handled timely and effectively, in order to facilitate the improvement of customer service quality, protect the customer's interests, and enhance customer satisfaction and loyalty.

3. *Greentown China Accountability System of Customer Complaints*

   This standard aims to oversee and penalize the behaviors of departments or individuals that do not perform his/her/its obligations intentionally or negligently resulting in the complaints and adverse impacts on the Company's benefits including economic benefits, the corporate image and corporate reputation. It also clarifies the responsibilities to be borne by our staff, suppliers and responsible persons in the complaints management process to ensure the complaint management is completed properly, rapidly and effectively and the expected management goals can be fulfilled.

4. *Greentown China Risk Inspection Standards of Customer Complaints*

   The standard aims to regulate the inspection of complaint risks, establish the standardized process of inspection, and reinforce the inspection implementation system and joint supervision system for inspection improvement, and therefore improve the project operation, as well as the quality of products and service to increase customers' satisfaction.

V. SUPPLY CHAIN GATEKEEPING

Greentown is the first domestic property developer that has been accredited by the ISO9001 Quality Management System. The Group has an internal systematic assurance system on product quality, which requires the engineering contractors to comply with corresponding requirements in relation to their on-site management.

Greentown has established a process management mechanism which includes the collection of strategies, total package of strategies, the unannounced inspection of plants and product inspection of third parties for the supply chain of products. It enables us to control the product quality and the procurement of environment-friendly materials in an intensive manner, thereby keeping the transparency of the whole process. Meanwhile, Greentown has established a set of comprehensive management procedures on materials procurement to ensure that all the raw material used in residential products meet the requirements of relevant environmental laws and regulations. In respect of supply chain management, the selection of suppliers is also based on whether their raw materials and facilities are in accordance with the requirements of relevant environmental laws and regulations.

As an enterprise with high responsibility of public welfare, while performing our own social environmental responsibilities Greentown requires its upstream and downstream suppliers as well as engineering contractors to undertake associated responsibilities, for instance, the recycling of waste in construction sites, the control and management of waste gas and waste water, etc, in an attempt to join hands with the upstream and downstream partners along the supply chain to reduce the environmental and social risks within each phases of the supply chain.

VI. COMMUNITY SERVICES

Developed on the basis of fundamental community service, Greentown has launched four specific service platforms, which includes Neighbourhood Series (a service platform for owners of all ages), Wonder Series (a service platform mainly for children), U-YOUNG Series (a service platform for owners who are young adults) and Elderly Series (a service platform for owners who are elders). Through these service platforms, we strive to build fabulous community lives for owners.

1. *Neighbourhood Series*

The Neighbourhood Series include programmes such as “Harmonious Neighbour Community”, “Neighbourhood Festival” and “Searching the Atmosphere of the New Year”, which serve to build up a neighbourhood platform for the owners of all ages to communicate and elaborately cultivate the neighbouring culture, in order to establish a wonderful residential area to fulfill their spiritual needs.

2. *Wonder Series*

The Wonder Series refer to services specially designed for children, which comprise education, sports, leisure, healthcare, etc. The original intention is to make children happy and parents relieved. Meanwhile, it is also a high-quality platform which pulls various resources to provide a comprehensive range of services for owners.

3. *U-young Series*

It is a specific service platform established by Greentown in 2015 and is designed for owners who are young adults. It aims at creating youthful, energetic and innovative community culture, covering a range of services including lifestyle, entrepreneurship, socializing, etc.

4. *Elderly Series*

The activities under the elderly series include “Maple Leaf Action”, “Senior College”, “Green Dating” and “A Bowl of Longevity Noodles”, etc. It is one of Greentown’s services targeting the aging community, aiming at helping Greentown’s elder owners lead delightful lives and enjoy their later years.

VII. FIGHT CORRUPTION AND PROMOTE INTEGRITY

The Group has always insisted on legal operations, required our employees to exercise integrity at workplace and resolutely precluded any illegal behaviors that disturb the order in the market and economy such as offering, demanding and accepting bribery, embezzlement, and bid-rigging. In recent years, the Group has implemented a series of monitoring measures to raise our employees' awareness and regulate their behaviors of integrity and self-discipline, as well as to facilitate the sustainable and healthy development of the Group.

Firstly, we investigate hazards that will put the Company's integrity at risk and carry out self-examination and self-correction as well as declaration of connected relationship. Targeting different business segments of the Company, we carry out risk investigation, self-examination and self-correction on a regular basis, requiring major management staff and key personnel to make declaration of connected relationships.

Secondly, we have established a related system of integrity at workplace. According to the practical situation of the company, we set up systems, such as "Greentown China's Management Standards of Supervision Work" and "Integrity and Self-discipline Standard for Staff".

Thirdly, we have established channels for reporting complaints. We fully accept supervision and reporting complaints from staff and external cooperating parties.

Fourthly, we strictly investigate non-compliance behaviors. Through various ways including active inspection, verification of whistle-blowing and special investigation, we look into possible illegal actions of staff, and inflict corresponding punishment depending on the level of severity based on our investigation results.

Finally, we participate in process supervision. We take part in the supervision of the Group's activities such as tendering and procurement, selection of qualified suppliers by sampling.

During the reporting period, the Group and its staff have not been involved in any litigation in relation to corruption.

VIII. EMPLOYMENT POLICIES

The Group regards human resources as our most valuable asset. As employees are the core of the Group, cultivating outstanding employees performs as the top priority for the operations of an enterprise. The Group is committed to creating a platform for lifelong development and an affluent life for each of our employees. Through providing a remuneration and welfare system with market competitiveness, constructing a comprehensive training and developing system, concerning our employees' health and safety, and offering an equal and harmonious working environment, the Group realizes the common development of the Group and our employees. During the Year, the Group has complied with the applicable laws and regulations that have a significant impact on the Company in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

1. *Staff Recruitment*

In terms of recruitment, dismissal and other employment matters, the Group strictly complies with the laws such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, and the local laws and regulations where the recruitment takes place. Meanwhile, we pursue the purposes of the "Universal Declaration of Human Rights" of the United Nations and the ILO Declaration on Fundamental Principles and Rights at Work, in which we treat our employees of different genders, nationalities, ethnic and cultural backgrounds with fairness, and absolutely oppose forced labor and child labor. For employees who commit a breach of laws and regulations, we impose punishment against them based on relevant internal policies, and they will even be immediately dismissed under serious cases. Such stipulation is clearly stated in the relevant rules such as the recruitment management standards of the Company.

The Group understands that the establishment and retention of excellent working teams is the cornerstone of a successful enterprise. In terms of recruiting talents, the Group considers the possession of good professional ethics as our primary criterion in the selection process, putting team spirit on top of an individual's talents. The Group actively expands its recruitment channels and seeks to absorb talents from different markets. At the same time, the Group will first consider the employees who meet the requirements with outstanding performance within the Group for a vacant position.

Case: "Kindred Spirits" Campus Recruitment
"Achieving consensus with kindred spirits, realizing the ideal with joint efforts" is the concept of Greentown's campus recruitment. Greentown recruits and selects outstanding undergraduates from well-known institutions and universities in China every year to participate in the "Kindred Spirits Program". In 2016, Greentown and Zhejiang University of Technology cooperated and organized the "Kindred Spirits Class" for the first time which opened up a new chapter for enterprise-school cooperation between Greentown and universities. "Kindred Spirits Class" strengthens students' knowledge and practical training in terms of real estate in their spare time to help them transform from a student to a professional employee in advance. Through enterprise-school cooperation, Greentown will cultivate more talents in the field of construction for society. In the process of realizing a three-win situation among universities, the enterprise and students, we also take up the social responsibility that a well-known enterprise shall do.

2. *Remuneration and Incentives*

Workers shall be entitled to the results of their work. Greentown's remuneration program aims to provide salaries with market competitiveness to further attract, motivate and retain talents. Greentown's remuneration system consists of a fixed salary, variable salary, allowances and other subsidies.

Fixed salaries make up an important part of the employee's total cash remuneration. In terms of remuneration payments, the Group assesses the market trends of different regions on a real time basis in order to maintain the Group's competitiveness.

Meanwhile, taking our results as a benchmark, the Group provides our employees with variable salaries according to their performance, including short-term and long-term incentives, etc. The short-term incentive scheme is provided to the employees in recognition of their individual performance and potential based on the performance of the Company or the team as a whole. The long-term incentive scheme is to share the Company's operation profits with its employees. The Group assesses the employees' performance every half year, and considers the possible promotion, salary raise and developments for an employee according to the results of the assessment, so as to help incentivize our employees' potentials and stimulate their continuous efforts and exertion of best performance, contributing to the realization the Group's development goal as a whole and promotion of sustainable development.

In addition, the Group even provides various fringe benefits which are competitive, including travel allowance, communication allowance, holidays compensation, meal allowance, health managing scheme for the employees and their families, supplementary commercial insurance, celebration and consolation funds, etc. Employees' working days are from Monday to Friday with entitlement to legal and public holidays, legal annual leave, marriage leave, maternity leave, and funeral leave, etc.

3. *Employee Training*

While the Group realizes its stable and continuous development as a whole, Greentown chooses to reshape itself into a school. The talents cultivated by Greentown, apart from their own benefits, more importantly also bring much benefits to the society.

The Group sets up a training and developing system based on the employees' working life cycle by hierarchy and category, so that new staff are able to get comprehensive and matrix-based trainings since the beginning of working. Simultaneously long-term trainings are also provided as they develop their career in Greentown, ensuring that corresponding training projects are in place to support their growth at different stages in their career development. In particular, they include the in-campus "Kindred Spirits" training classes, induction training for new staff, on-the-job trainings for staff, and elementary programs of staff training. Besides, the Company implements the dual development paths in terms of management approach and professional approach, and through those policies and measures such as mentor system, job-rotation system, internal mobilization, AB post, stairway selection to support our employees to become outstanding and influential senior management talents and professionals.

4. *Employees' Health and Safety*

On the one hand, Greentown promotes the win-win idea of "healthy living, happy working", which is dedicated to creating a healthy working environment for the employees. In addition to the establishment of facilities such as gymnasium and recreational bar at the working area, and organizing periodic health check-ups, we actively cooperate with companies like Zhejiang Greentown Health Promotion Management Co., Ltd (浙江綠城健康促進管理有限公司) to arrange activities such as healthy diets and health care. Through activities like psychological counseling and communication, we guide our employees towards a positive and active attitude with extensive attention on our employees' physical and mental health.

On the other hand, the Group actively carries out safety education, creates a safe and secured working environment for employees and endeavours to minimize the operating risks in each business segments. For instance, the Group has equipped sufficient number of lounges for workers at project sites, formulated resting sessions, provided ventilation equipment and delivered refreshments in summers. In the meantime, the Group periodically conducts firefighting drills and professional safety trainings for drivers, for the dedication to a safe working environment.

5. *Employee Activities*

Greentown values employees' physical and mental health, by setting up different sports clubs, organizing diversified cultural and recreational events including employee tours, photography class, yoga class, hiking, blind dating, outward-bounds, sports meetings and birthday celebrations. We encourage our employees to strike a balance between work and life. In addition, the Company sets up a charity fund for employees with difficulties, conveying care for its employees on festivals, holidays, marriage or funeral.

6. *Communication With Employees*

The Group has formulated various official and unofficial communication channels, such as "May 1 Forum", and "Democratic Forum", encouraging our employees to express their opinions freely and give advice to the Group while urging the management of different levels to understand their employees' expectations and needs and safeguard all employees' rights.

For administrative services, we require the administrative staff to actively communicate with employees by establishing an employee supervision team, and engaging them in the caring of employees when they are in the cafeteria and the office to construct a platform for monitoring and exchanges in terms of administrative services. Meanwhile, we get to know all kinds of employees' demands through questionnaires and periodical forums, set up corresponding action plan for timely improvement, and make and publish administrative service commitments accordingly. Services are provided in accordance with the commitment letters to safeguard the interests of our employees.

IX. MAJOR HONORS AND AWARDS IN 2016

Time	Winner	Honors and Awards	Awarding Body
Mar 2016	Greentown Group	Top 10 Chinese Real Estate Enterprises by Comprehensive Strength Top 10 Largest Chinese Real Estate Enterprises 2015-2016 Chinese Real Estate Enterprises with A Sense of Social Responsibility	Development Research Center of The State Council, The Institute of Real Estate Studies at Tsinghua University, China Index Academy
Sep 2016	Greentown Group	Top 10 Chinese Real Estate Enterprises by Brand Value (Mixed Ownership) Leading Brands of Chinese Real Estate Enterprises by Customers' Satisfaction	The Institute of Enterprises Studies in Development Research Center of The State Council, The Institute of Real Estate Studies at Tsinghua University, China Index Academy
Nov 2016	Greentown Group	2016 Brand Innovation Award	China People's Daily

Time	Winner	Honors and Awards	Awarding Body
Mar, 2016	Hangzhou Young City	2016 Chinese Real Estate Design Award	China Organizing Committee of Real Estate Design Award
Jun, 2016	Hangzhou River South; Nanjing Rose Garden	The 53th Gold Nugget Award for the Best International Townhouse The 53th Gold Nugget Award for the Best International Detached House	Pacific Coast Builders Conference
Nov, 2016	Hangzhou Orchid Residence; Zhuji Greentown Plaza	2015-2016 Guangsha Prize	Ministry of Housing and Urban-Rural Construction

Corporate Governance Report

The Company believes that high corporate governance standards help enhance operational performance and the management's accountability. The Board has always strived to comply with the principles of corporate governance and adopts sound corporate governance practices to meet legal and commercial standards, with a focus on internal control and fair, transparent and timely disclosure.

Throughout the year ended 31 December 2016, the Board considers that the Company has met the code provisions as set out in the corporate governance code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules.

(A) The Board of Directors (for the year ended 31 December 2016)

The Board takes responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, strategies for development, internal control and risk management systems, and monitoring the performance of the senior management. The daily business operations and administrative functions of the Group are delegated to the senior management.

Executive Directors

Mr SONG Weiping (Co-chairman)
Mr ZHU Bixin (Co-chairman)(up to 15 January 2016)
Mr LIU Wensheng (Co-chairman) (with effect from 15 January 2016)
Mr SUN Guoqiang
Mr SHOU Bainian
Mr CAO Zhounan
Mr LI Qingan
Mr LI Yongqian (with effect from 15 January 2016)

Non-executive Director

Mr LIU Wensheng (up to 15 January 2016)

Independent Non-Executive Directors

Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") as the standard for securities transactions by the directors. The Company has made specific enquiries of all the directors and each of the directors confirmed that he has complied with the required standards set out in the Model Code throughout the year ended 31 December 2016 or (where appropriate) during his tenure as a director of the Company in 2016. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The respective responsibilities of the Directors and the Company's external auditors on the financial statements of the Group are set out in the"Independent Auditor's Report" on page 95 of this annual report.

Chairman and Chief Executive Officer

In order to reinforce their respective independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. The Chairman leads the Board and is responsible for the effective functioning of the Board in accordance with the good corporate governance practices adopted by the Company. He is also responsible for establishing corporate culture and developing strategies for the Company. The Chief Executive Officer focuses on developing and implementing policies approved and delegated by the Board. The Chief Executive Officer is also primarily responsible for the Group's day-to-day management and operations, and the formulation of the organization structure, management systems, and internal control procedures and processes of the Group.

As at 31 December 2016, Mr SONG Weiping and Mr LIU Wensheng were the Co-chairmen of the Board and Mr CAO Zhounan was the Chief Executive Officer of the Company.

Independent Non-Executive Directors

Independent non-executive directors play a significant role in the Board by virtue of their independent judgment. Their views carry significant weight in the Board's decision. In particular, they provide impartial and multi-perspective opinions on the Group's development strategies, operational performance and internal control system. Every independent non-executive Director possesses extensive academic, professional and industry expertise and management experience. They provide professional advice to the Board according to the Group's particular situation. For the year ended 31 December 2016, each of the independent non-executive directors has confirmed his independence to the Company in accordance with the Listing Rules.

Board Meetings and Shareholders' Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through video/telephone conferences. 16 Board meetings and 6 shareholders' meetings were convened during 2016. The attendance of each individual director at these Board meetings and shareholders' meetings is set out below:

	Number of Board Meetings Attended/ Held in 2016	Number of Shareholder's Meetings' Attended/ held in 2016
Executive Directors		
Mr SONG Weiping	13/15	5/5
Mr ZHU Bixin* (up to 15 January 2016)	1/1	0/0
Mr LIU Wensheng	11/12	4/4
Mr SUN Guoqiang	12/12	4/4
Mr SHOU Bainian	14/15	5/5
Mr CAO Zhounan	12/12	4/4
Mr LI Qingan	12/12	4/4
Mr LI Yongqian (with effect from 15 January 2016)	11/11	4/4
Independent Non-Executive Directors		
Mr JIA Shenghua	16/16	6/6
Mr KE Huanzhang	16/16	6/6
Mr SZE Tsai Ping, Michael	16/16	6/6
Mr HUI Wan Fai	16/16	6/6

* This person ceased to be a director.

All Directors are provided with the relevant materials relating to the issues for discussion before the meetings. They have access to members of the senior management and the company secretary at all times and may seek independent professional advice at the Company's expense. All Directors have the opportunity to request to include new issues for discussion in the agenda for Board meetings. Notices of Board meetings are given to the directors within reasonable time before meeting and the procedures of Board meetings are conducted in compliance with the Articles of Association of the Company, as well as the relevant laws and regulations.

Appointments, Re-election and Removal of Directors

Each of the executive directors, non-executive directors, independent non-executive directors has entered into a service contract or appointment letter with the Company for a specific term and the details of which, as well as the details of the appointment, re-election and removal of the directors are described in the sections headed "Report of the Directors – Directors" and "– Directors' Service Contracts".

Directors' Continuous Professional Development

Each of the directors has participated in continuous professional development in 2016 in compliance with Code A.6.5 of the Corporate Governance Code. The Company arranges 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. Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the Year, all Directors participated in continuous professional development to develop and refresh their knowledge and skills in compliance with code provision A.6.5 of the Corporate Governance Code. The Company's external lawyers facilitated Directors' training by providing presentations, briefings and materials for the Directors primarily relating to the roles, functions and duties of a listed company director. All Directors received this training.

Board Committees

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee (collectively, the "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting procedures, internal control and risk management systems, review the internal audit scheme formulated by the Internal Audit Department of the Group and the reports submitted by the Internal Audit Department. It is also responsible for reviewing affairs related to the appointment, resignation and replacement of independent auditors, as well as assessing such auditors' performance, degree of independence and objectivity and reasonableness of their audit fees, and providing relevant recommendations to the Board. All members of the Audit Committee are independent non-executive directors and non-executive directors. As at 31 December 2016, the Audit Committee comprised independent non-executive directors, being Mr SZE Tsai Ping, Michael (Chairman), Mr JIA Shenghua and Mr HUI Wan Fai.

The major tasks accomplished during the year include:

– reviewing the annual and interim results announcements, reports and financial statements of the Group;

– reviewing and providing recommendations on the accounting policies adopted by the Group and the accounting practices;

– monitoring the work of the Internal Audit Department of the Group and reviewing the internal audit reports;

– advising on material transactions of the Group and providing recommendations on related risks to management; and

– reviewing the audit fees of the auditors and recommending the fees for approval by the Board.

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

During the year ended 31 December 2016, the Audit Committee held 2 meetings. The attendance of each individual member at the Audit Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael *(Chairman)*	2/2
Mr JIA Shenghua	2/2
Mr HUI Wan Fai	2/2

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become members of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. As at 31 December 2016, the Nomination Committee comprised independent non-executive directors Mr SZE Tsai Ping, Michael (Chairman), Mr HUI Wan Fai, Mr JIA Shenghua and Mr KE Huanzhang, and executive directors Mr LIU Wensheng and Mr SHOU Bainian. The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

The Nomination Committee adopted and performed certain criteria and procedures in the nomination of new directors during 2016. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Board adopts the policy of considering a variety of aspects, such as cultural and educational background, professional experience, skills and knowledge in the industry of the Group's business and the past employment track record.

During the year ended 31 December 2016, the Nomination Committee held 3 meetings. The attendance of each individual member at the Nomination Committee meetings is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr SZE Tsai Ping, Michael *(Chairman)*	3/3
Mr HUI Wan Fai	3/3
Mr JIA Shenghua	3/3
Mr KE Huangzhang	3/3
Executive Directors	
Mr LIU Wensheng (note 1)	1/2
Mr SHOU Bainian	3/3
Mr ZHU Bixin (Note 2)	1/1

Note:

(1) Mr LIU Wensheng was appointed as a member of Nomination Committee with effect from 15 January 2016.

(2) Mr ZHU Bixin ceased to be a member with effect from 15 January 2016.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations and proposals on directors' remuneration and other benefits to the Board.

The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that the level of their remuneration and compensation are reasonable. As at 31 December 2016, the Remuneration Committee comprised independent non-executive Directors Mr JIA Shenghua (Chairman), Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai, and executive directors Mr SHOU Bainian and Mr SUN Guoqiang.

During the year ended 31 December 2016, the Remuneration Committee have assessed the performance of directors and reviewed the remuneration packages of the directors and the remuneration policies and structure of the Company, details of which are set out in the section headed "Management Discussion and Analysis – Human Resources" in this annual report. During the year ended 31 December 2016, the Remuneration Committee held 1 meeting. The attendance of each individual member at the Remuneration Committee meeting is set out below:

	Number of Meetings Attended/Held
Independent Non-Executive Directors	
Mr JIA Shenghua *(Chairman)*	1/1
Mr SZE Tsai Ping, Michael	1/1
Mr KE Huang Zhang	1/1
Mr HUI Wan Fai	1/1
Executive Directors	
Mr SHOU Bainian	1/1
Mr SUN Guoqiang	1/1

Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and it performed the corporate governance duties as follows in 2016:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board on changes and updates;
- reviewing and monitoring the training and continuous professional development of the directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the directors;
- reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report; and

- such other corporate governance duties and functions set out in the Corporate Governance Code (as amended from time to time) for which the Board are responsible.

(B) Financial Reporting and Internal Controls

Financial Reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

Independent Auditor

Deloitte Touche Tohmatsu has been appointed as the Company's independent auditor since 2004.

A breakdown of the remuneration received by the independent auditor for audit and non-audit services provided to the Company is as follows:

Service Items	2016 (RMB'000)	2015 (RMB'000)
Audit services (including interim review)	5,380	5,240
Non-audit services (mainly issuance of comfort letters in respect of senior notes and major transactions)	1,010	1,950
Total	6,390	7,190

The Audit Committee and the Board have agreed on the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Group for 2016, and the proposal will be submitted for approval at the annual general meeting of the Company to be held on 16 June 2017 (Friday).

Risk Management and Internal Control

The Audit Committee is responsible for supervising the risk management and internal control functions of the Group and reviewing their effectiveness. Procedures have been designed to safeguard company assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for external publication, and ensure compliance with the applicable laws, rules and regulations. The Directors have conducted a review of the effectiveness of the risk management and internal control systems of the Group, and reviewed and monitored the Company's internal management and operation during the year. The Internal Audit Department established by the Company has conducted random internal audit of the Company, its subsidiaries, joint ventures and associates. The work carried out by the Internal Audit Department includes ensuring that the internal control is in place and functions properly as intended. The Audit Committee considered that the risk management and internal control systems remain adequate and effective throughout the year ended 31 December 2016 with no material issues that ought to be brought to the Board's attention.

(C) Shareholder's Rights

According to the Articles of Association of the Company, shareholders shall have the right to request to convene an extraordinary general meeting ("EGM") of the Company. Two or more shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company which carries the right of voting at the general meeting of the Company may send a written request to request for an EGM. The written requisition(s), duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Hong Kong office of the Company.

Shareholders who wish to move a resolution at general meetings may follow the procedures set out in the preceding paragraph.

In case of any enquiries that a Shareholder may have, please contact the investor relations department at (+852 2523 3138) or by email to ir@chinagreentown.com.

The memorandum and articles of association of the Company is published on the Company's website and the Stock Exchange's website.

INVESTOR RELATIONS


INVESTOR
RELATIONS


Shengzhou Greentown Mansion

Investor Relations

Investor Relations and Communications with Shareholders

The Company has established various channels of communication with its shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information relating to the Company's financial details, property projects and major events are available through publication of annual and interim reports, announcements, circulars, press releases, monthly newsletters and the Company's website.

The Board believes that effective investor relations can contribute to lowering financing cost, improving market liquidity of the Company's shares, and building a more stable shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and follow a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

The Company's dedicated investor relations team held regular meetings with investors to keep them abreast of the Company's latest business development and corporate strategies. A series of public events have been hosted right after certain significant events of the Company such as results announcements, important business development or financing activities. Directors and senior management will attend the events to answer investors' questions. The post-results analyst briefings and press conferences are also webcasted for more timely dissemination of relevant information and to reach a broader range of investors.

During the Year, the Company had arranged over 60 site visits for the Group's projects, conducted over 130 investor meetings and telephone conferences, and attended 13 investor presentations organized by investment banks. Through these investor relations activities, the Group seeks to continuously improve interactions with investors, and maintain a high level of transparency in operation.

Key investor relations events launched in 2016 are as follows:

Events	Date
2016 Extraordinary General Meeting	8 Jan 2016
	31 May 2016
	31 Aug 2016
	21 Oct 2016
	29 Dec 2016
2015 Annual Results Announcement	
– Press Conference and Analyst Briefing	29 Mar 2016
2016 Annual General Meeting	17 Jun 2016
2016 Interim Results Announcement	
– Press Conference and Analyst Briefing	29 Aug 2016

During the Year, in addition to reception of investors' and analysts' company visits and participation of "one-on-one" meetings, the Company also attended the following important investor relations activities:

Date	Events	Organizer	Venue
11-13 Jan 2016	16th UBS Greater China Conference	UBS	Shanghai
17-18 Feb 2016	13th Annual Citi Asia Pacific Investor Conference 2016	Citi	Hong Kong
5-8 Apr 2016	19th Credit Suisse Asian Investment Conference	Credit Suisse	Hong Kong
3-5 May 2016	Macquarie Greater China Conference	Macquarie	Hong Kong
18 May 2016	CIMB HK/China Property Corporate Day	CIMB	Hong Kong
23-24 Jun 2016	Citi Asia Pacific Property Conference	Citi	Hong Kong
6 Jul 2016	DB China Property Corporate Day	Deutsche Bank	Hong Kong
12 Jul 2016	Haitong International China Property Corporate Day	Haitong International	Hong Kong
26-27 Oct 2016	Jefferies 6th Annual Greater China Summit	Jefferies	Hong Kong
2-4 Nov 2016	BAML China Conference 2016	BAML	Beijing
2-4 Nov 2016	Credit Suisse 2016 China Investment Conference	Credit Suisse	Shenzhen
3-4 Nov 2016	Citi China Investor Conference 2016	Citi	Macau
5 Dec 2016	Nomura China Property Corporate Day	Nomura	Hong Kong

In 2016, there were 15 investment banks which had issued research reports on Greentown, 9 of which (being Macquarie, CMS, BNP, Citi, Haitong International, Deutsche Bank, CICC, Jefferies, and Credit Suisse) gave a rating of 'buy', and 6 (being Goldman Sachs, Nomura, ABC International, BOCOM, CIMB and RHB) gave a rating of 'neutral'.

Our investor relations team will continue to enhance the quality of communication with its investors and maintain corporate transparency. To ensure easy access to the Company's updated information by the investors, all of the Company's published information including announcements, interim and annual reports, press releases, and monthly newsletters, are posted on the Company's website www.chinagreentown.com in a timely manner. Interested party can also make enquiries by contacting the investor relations department at (+852 2523 3138) or by email to ir@chinagreentown.com.

Report of the Directors

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2016 (the "Consolidated Financial Statements") to the Shareholders.

Company Incorporation

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2004 Second Revision) of the Cayman Islands on 31 August 2005. The shares of the Company were listed on the Main Board of the Stock Exchange on 13 July 2006.

Principal Business

The Company is an investment holding company. The activities of its subsidiaries, joint ventures and associates are set out in notes 44, 17 and 16, respectively to the Consolidated Financial Statements. There was no significant change in the nature of the Group's principal business during the year ended 31 December 2016 ("the Year").

Business Review

A fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Year and an indication of the likely future development of the Group's business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group's business, key performance indicators) are provided in the section headed "Management Discussion and Analysis" of this annual report and in the notes to the financial statements.

To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion of the Group's key relationships with its stakeholders that have a significant impact on the Group and on which the Group's success depends are provided in the sections headed "Environmental and Social Responsibility Report" and "Investor Relations" of this annual report.

Environmental Policies and Performance

The Group is committed to achieving environmental sustainability. The Group endeavors to comply with the relevant laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, waste reduction and energy saving. The Group reviews its environmental policies on a regular basis. Further details of the Group's environmental policies and performance are provided in the section headed "Environmental and Social Responsibility Report".

Compliance with Relevant Laws and Regulations

The Group and its business operations are subject to various laws, rules and regulations. The Company seeks to ensure adherence to such laws, rules and regulations through various measures such as internal controls, approval procedures, staff trainings and oversight of business operations at different levels of the Group. The Board also monitors the Group's policies and practices on compliance with relevant laws, rules and regulations on a regular basis.

So far as the Directors and senior management are aware, for the year ended 31 December 2016, the Group has obtained the approvals, permits, consents, licenses and registrations required for and material to its business and operations, and there was no material breach of the relevant laws and regulations by the Group that have a significant impact on the Group.

Financial Positions and Results

The financial positions of the Group as at 31 December 2016 prepared in accordance with IFRS are set out in the Consolidated Statement of Financial Position on pages 102 to 103 of this annual report.

The results of the Group for the year ended 31 December 2016 prepared in accordance with IFRS are set out in the Consolidated Statement of profit or loss and other Comprehensive Income on page 101 of this annual report. A financial summary of the Group for the last five financial years is set out on page 7 of this annual report.

Reserves

Details of movements in reserves of the Group in 2016 are set out in the Consolidated Statement of Changes in Equity on page 104 of the annual report

Dividends

The Board recommends the payment of a final dividend of RMB0.12 per share for the year ended 31 December 2016 (the "2016 Final Dividend") to the ordinary Shareholders whose names appear on the Company's register of members as of 26 June 2017 (Monday) (2015: nil). Subject to approval of Shareholders at the forthcoming annual general meeting of the Company (the "AGM"), the 2016 Final Dividend is expected to be paid before the end of July 2017.

Segment Information

The reporting segments of the Group are as follows:

1 Property development

2 Hotel operations

3 Property investment

4 Others (including sale of construction materials, design and decoration, project management, etc.)

The segment information for the year ended 31 December 2016 is set out in note 5 to the Consolidated Financial Statements.

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the Year are set out in note 13 to the Consolidated Financial Statements.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in note 29 to the Consolidated Financial Statements

Details of Share Offering and Placing

	IPO	Placement 1	Placement 2	Placement 3
Listing place	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx	Main Board of HKEx
Offering/Placing price	HK$8.22 per share	HK$16.35 per share	HK$5.20 per share	HK$5.20 per share
Listing date	13 July 2006	4 May 2007	15 June 2012	2 August 2012
Number of issued shares	347,402,500 shares	141,500,000 shares	327,849,579 shares	162,113,714 shares

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best of the Directors' knowledge, the Company has maintained a sufficient public float as required by the Listing Rules throughout the year ended 31 December 2016.

Purchase, Sale or Redemption of the Listed Securities of the Company

Save as disclosed in note 27 to the Consolidated Financial Statements, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2016.

Directors

During the year ended 31 December 2016, directors of the Company were as follows:

Executive Directors
Mr SONG Weiping (Co-chairman)
Mr ZHU Bixin (Co-chairman) (until 15 January 2016)
Mr Liu Wensheng (with effect from 15 January 2016)
Mr SUN Guoqiang
Mr SHOU Bainian
Mr CAO Zhounan
Mr LI Qingan
Mr LI Yongqian (with effect from 15 January 2016)

Non-Executive Director
Mr LIU Wensheng (until 15 January 2016)

Independent Non-Executive Directors
Mr JIA Shenghua
Mr KE Huanzhang
Mr SZE Tsai Ping, Michael
Mr HUI Wan Fai

On 15 January 2016, Mr Zhu Bixin, due to job position transfer, has resigned as an executive Director, co-chairman of the Board and a member of the nomination committee of the Board; Mr Liu Wensheng being re-designated from a non-executive Director to an executive Director, and appointed as co-chairman of the Board and a member of the nomination committee of the Board; and Mr Li Yongqian being appointed as an executive Director. The aforesaid changes were in effect from 15 January 2016.

In accordance with Article 130 of the Articles of Association of the Company, one third of the directors for the time being or, if the number is not three or a multiple of three, the number nearest to but not less than one third shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. Mr SONG Weiping, Mr LIU Wensheng, Mr SUN Guoqiang and Mr SHOU Bainian will retire at the forthcoming AGM. Each of the above retiring directors, being eligible in accordance with the Articles of Association of the Company, will offer himself for re-election.

Directors' Service Contracts

Each of the executive Directors had entered into a service contract with the Company for an initial term of three years and shall continue thereafter until terminated by either party by giving not less than three months' prior notice in writing.

Each of the independent non-executive directors entered into an appointment letter with the Company regarding his appointment commencing from 1 April 2015 for an initial term of three years subject to the terms and conditions of the appointment letter. Their respective appointment as an independent non-executive director shall also be subject to retirement by rotation at the forthcoming AGM of the Company and each of them shall be eligible for re-election in accordance with the Articles of Association of the Company

Apart from the foregoing, no director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Biographical Details of Directors and Senior Management

Biographical details of the directors and senior management of the Group are set out on pages 44 to 48 of this annual report.

Remuneration of Directors

The remuneration of the directors is disclosed on an individual named basis in note 9 to the Consolidated Financial Statements.

Highest Paid Individuals

During the Year, the relevant information of the five individuals with the highest remuneration of the Group is disclosed in note 9 to the Consolidated Financial Statements.

Independence of Independent Non-Executive Directors

The Board has obtained written confirmations from all independent non-executive directors concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board is in the opinion that the existing independent non-executive Directors are independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

Directors' and Chief Executive's Interests in Securities

As at 31 December 2016, the interests and short positions of directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Name of Director	Personal Interests in Underlying Shares	Family Interests	interest of Controlled Corporation	Total Number of Shares and Underlying Shares Held	% of Issued Share Capital of the Company Held
Mr SONG Weiping	1,089,000 (note 1)	–	226,071,924 (note 2)	227,160,924	10.501%
Mr SHOU Bainian	–	–	174,549,783 (note 3)	174,549,783	8.069%
Mr CAO Zhounan	3,359,000 (note 4)	–	1,161,500 (note 5)	4,520,500	0.209%

Notes:

(1) It represents the share options granted on 22 January 2009 pursuant to the 2006 Share Option Scheme and are exercisable at the price of HK$2.89 per share from 22 January 2009 to 21 January 2019.

(2) Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 126,071,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.

(3) Mr SHOU Bainian, being the sole shareholder of Profitwise Limited ("Profitwise"), is deemed to be interested in 174,549,783 Shares held by Profitwise pursuant to Part XV of the SFO.

(4) It represents the share options granted on 13 May 2009 pursuant to the 2006 Share Option Scheme and are exercisable at the price of HK$7.16 per share from 13 May 2009 to 12 May 2019.

(5) Mr CAO Zhounan, being a shareholder holding 60% of the equity interest of Hangzhou Chengxun Investment Management Co., Ltd ("Hangzhou Chengxun"), is deemed to be interested in 1,161,500 Shares held by Hangzhou Chengxun pursuant to Part XV of the SFO.

Long Position in Debentures of the Company

Name of Director	Personal Interest in the Underlying Debentures	Family Interest	Corporate Interest
Mr SZE Tsai Ping, Michael	–	US$300,000 (note 1)	–

Note:

(1) These debentures are held by Ms YU Ka Po Ruby, the spouse of Mr SZE Tsai Ping. Accordingly, Mr SZE Tsai Ping, Michael is deemed to be interested in these debentures.

Save as disclosed above, as at 31 December 2016, none of the directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2016, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

Name of Substantial Shareholder		Interest or Short Position in the Shares or Underlying Shares (note 1)	Capacity in which Interests are Held	% of Issued Share Capital of the Company Held
CCCG	(note 2)	624,851,793 (L)	Interest of controlled corporations	28.886%
CCCG Holding (HK) Limited	(note 3)	524,851,793 (L)	Beneficial Owner	24.263%
HSBC Trustee (C.I.) Limited	(note 4)	540,589,293 (L)	Interest of controlled corporations	24.990%
Wheelock and Company Limited ("Wheelock")	(note 5)	540,589,293 (L)	Interest of controlled corporations	24.990%
Wharf	(note 6)	540,589,293 (L)	Interest of controlled corporations	24.990%
Ms XIA Yibo	(note 7)	227,160,924 (L)	Interest of spouse	10.501%
Profitwise	(note 8)	174,549,783 (L)	Beneficial Owner	8.069%
Delta	(note 9)	126,071,924 (L)	Beneficial Owner	5.828%
HKOO Foundation	(note 9)	100,000,000 (L)	Beneficial Owner	4.623%
Lehman Brothers Holdings Inc.	(note 10)	101,400,450 (L)	Interest of controlled corporations	4.688%
		31,868,575 (S)	Interest of controlled corporations	1.473%

Notes:

(1) The letter "L" denotes a long position. The letter "S" denotes a short position.

(2) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Co., Ltd* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited, each of which is wholly-owned by CCCG Real Estate Group Co., Ltd* (中交房地產集團有限公司).

(3) A company controlled by CCCG by virtue of SFO.

(4) HSBC Trustee (C.I.) Limited is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited ("Target Smart")

(5) Wheelock is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.

(6) Wharf is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart.

(7) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 126,071,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those shares); and (iii) 1,089,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 227,160,924 Shares.

(8) A company controlled by Mr SHOU Bainian by virtue of SFO, of which Mr SHOU Bainian is the sole member.

(9) A company controlled by Mr SONG Weiping by virtue of SFO, of which Mr SONG Weiping is the sole member. HKOO Foundation is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.

(10) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, is deemed to be interested in a total of 101,400,450 (L) shares and 31,868,575 (S) shares through its controlled corporations by virtue of SFO.

Save as disclosed above, the Company has not been notified of any other notifiable interests or short positions in the shares or underlying shares of the Company as at 31 December 2016.

As at 31 December 2016, save as disclosed below, none of the directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company which had such discloseable interest or short position in the Shares	Position within such company
Mr SONG Weiping	Delta	Director
	HKOO Foundation	Director
Mr LIU Wensheng	CCCG Holding (HK) Limited	Director
Mr SUN Guoqiang	CCCG Real Estate Group Co., Ltd	Chairman and General Manager
Mr SHOU Bainian	Profitwise	Director
Mr CAO Zhounan	CCCG Real Estate Group Co., Ltd	Director
Mr LI Qingan	CCCG Real Estate Group Co., Ltd	Director
Mr LI Yongqian	CCCG Real Estate Group Co., Ltd	Director

Share Option Scheme

The 2006 Share Option Scheme has been terminated upon adoption of the new Share Option Scheme by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 (the "Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable. The new Share Option Scheme was adopted for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 16 June 2026 unless otherwise cancelled or amended. Under the Share Option Scheme, the Board may grant options to eligible employees to subscribe for shares in the Company. The eligible participants of the Share Option Scheme are any director or employee of the Group and any other person (including a consultant or adviser) who in the sole discretion of the Board has contributed or will contribute to the Group. The offer of a grant of share options may be accepted within 21 days from the date of offer, upon receipt by the Company of the payment of a consideration of HK$1 and signed acceptance of offer by the eligible participant.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of the options may be granted under the Share Option Scheme shall not exceed 10% of the shares of the Company in issue as at the adoption date. There were no options granted under the Share Option Scheme since its adoption.

The total number of Shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

The total number of options available for issue under the Share Option Scheme was 216,252,819 shares, representing approximately 10.0% of the issued share capital of the Company as at the date of this report.

Details of the share options of the Company granted, exercised and cancelled during the year ended 31 December 2016 were as follows:

Name of Grantee	No. of Share Options Outstanding at the Beginning of the Year	No. of Share Options Granted during the Year	No. of Share Options Exercised during the Year	No. of Share Options Cancelled during the Year	No. of Share Options Lapsed during the Year	No. of Share Options Outstanding at the End of the Year	Date of Grant	Period During which Share Options are Exercisable	Exercise Price per Share (HK$)
Directors									
Mr SONG Weiping	544,500	–	–	–	–	544,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
	272,250	–	–	–	–	272,250	22 January 2009	22 January 2010 to 21 January 2019	2.89
	272,250	–	–	–	–	272,250	22 January 2009	22 January 2011 to 21 January 2019	2.89
	1,089,000	**–**	**–**	**–**	**–**	**1,089,000**			
Mr CAO Zhounan	–	–	–	–	–	–	13 May 2009	13 May 2009 to 12 May 2019	7.16
	59,000	–	–	–	–	59,000	13 May 2009	13 May 2011 to 12 May 2019	7.16
	3,300,000	–	–	–	–	3,300,000	13 May 2009	13 May 2012 to 12 May 2019	7.16
	3,359,000	**–**	**–**	**–**	**–**	**3,359,000**			
Employees									
Certain other employees of the Company's subsidiaries, associated companies and joint ventures	1,702,500	–	213,000	–	–	1,489,500	22 January 2009	22 January 2009 to 21 January 2019	2.89
	2,230,500	–	228,000	–	–	2,002,500	22 January 2009	22 January 2010 to 21 January 2019	2.89
	3,128,000	–	334,500	–	–	2,793,500	22 January 2009	22 January 2011 to 21 January 2019	2.89
	13,003,750	–	–	–	–	13,003,750	22 June 2009	22 June 2009 to 21 June 2019	11.00
	7,113,875	–	–	–	–	7,113,875	22 June 2009	22 June 2010 to 21 June 2019	11.00
	7,375,375	–	–	–	–	7,375,375	22 June 2009	22 June 2011 to 21 June 2019	11.00
	7,500,000	–	–	–	–	7,500,000	17 July 2009	17 July 2009 to 16 July 2019	11.59
	3,750,000	–	–	–	–	3,750,000	17 July 2009	17 July 2010 to 16 July 2019	11.59
	3,750,000	–	–	–	–	3,750,000	17 July 2009	17 July 2011 to 16 July 2019	11.59
	49,554,000	**–**	**775,500**	**–**	**–**	**48,778,500**			
Certain employees of Greentown Property Management Service Group Co., Ltd., Hangzhou Jinshagang Travel Cultural Co., Ltd and Greentown Holdings Group Limited, all being affiliates of Mr SONG Weiping and Mr SHOU Bainian	872,500	–	–	–	–	872,500	22 June 2009	22 June 2009 to 21 June 2019	11.00
	436,250	–	–	–	–	436,250	22 June 2009	22 June 2010 to 21 June 2019	11.00
	436,250	–	–	–	–	436,250	22 June 2009	22 June 2011 to 21 June 2019	11.00
	1,745,000	**–**	**–**	**–**	**–**	**1,745,000**			
Total	**55,747,000**	**–**	**775,500**	**–**	**–**	**54,971,500**			

The vesting period of the above share options is from the date of grant until the commencement of the period during which they are exercisable.

During the Year, 775,500 share options were exercised and no share options were cancelled or lapsed.

For other details regarding the share option scheme(s) of the Company, please refer to note 35 to the consolidated financial statements of the Company in this report.

Valuation of Options

The Company has been using the Binomial Valuation Model and the Black-Scholes Pricing Model (collectively, the "Models") to value the share options granted. Details of the key parameters used in the Models and the corresponding fair values of the options granted in 2009 are set out in note 35 to the Consolidated Financial Statements.

Directors' Material Interests in Transactions, Arrangements or Contracts of Significance

Other than as disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" of this annual report and in note 41 to the Consolidated Financial Statements, no Director nor any entity connected with a Director is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract, which is of significance to the business of the Group and to which the Company or any of its subsidiaries, its parent company and the subsidiaries of its parent company was a party, subsisting at any time during, or at the end of, the year ended 31 December 2016.

Permitted Indemnity Provision

Pursuant to the Company's Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Connected Transactions and Continuing Connected Transactions

Significant related party transactions entered into by the Group for the year ended 31 December 2016 are disclosed in note 41 to the Consolidated Financial Statements. Details of some of the said related party transactions, which also constituted connected transactions or continuing connected transactions of the Company required to be disclosed in accordance with Chapter 14A of the Listing Rules are listed as follows. Save for the transactions mentioned below, none of such related party transactions constituted a connected transaction or a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules as and where applicable and relevant.

(A) Connected Transactions

1.1 Joint development of residential properties with the Wharf Group and the CCCG Group in Beijing

On 4 February 2016, the Group entered into a connected transaction with the Wharf Group and the CCCG Group in relation to a joint venture project in Beijing.

As disclosed in the Company's announcement dated 4 February 2016, Zhichang (Beijing) Corporate Management Co., Ltd* (致昌(北京)企業管理有限公司) (a wholly-owned subsidiary of Wharf) ("Zhichang Beijing"), Hangzhou Zhenmei Investment Limited* (杭州臻美投資有限公司) (a wholly-owned subsidiary of the Company) ("Hangzhou Zhenmei") and CCCC Real Estate Co., Ltd* (中交地產有限公司) (a wholly-owned subsidiary of CCCG) ("CCCC Real Estate") entered into an agreement pursuant to which Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate agreed to jointly develop a piece of land in Beijing into residential properties on a 40:50:10 ownership basis. The land is situated in Jiangtai Xiang, Chaoyang District of Beijing, the PRC with a gross site area of approximately 47,769 sqm. The residential properties to be developed on the land are expected to have a total gross floor area of approximately 119,423 sqm (which includes 21,100 sqm as public rental housing). The total land consideration is RMB5,135,000,000.

Pursuant to the agreement, the parties expect that the total land consideration (plus an amount equivalent to the aggregate of the relevant land tax amount) shall be contributed by Zhichang Beijing, Hangzhou Zhenmei and CCCC Real Estate on a 40:50:10 basis. It is expected that all other funding needs will be primarily arranged by the relevant project company itself by way of external financing and the proceeds from the sale of the properties.

As at the date of the agreement, Wharf and its subsidiaries were holding 540,589,293 Shares, representing approximately 25.0% of the issued share capital of the Company, and Wharf is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, Wharf and its associates (including Zhichang Beijing, being a wholly-owned subsidiary of Wharf) are connected persons of the Company.

As at the date of the agreement, CCCG and its subsidiaries were holding 624,851,793 Shares, representing approximately 28.9% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC Real Estate, being a wholly-owned subsidiary of CCCG) are connected persons of the Company.

Based on applicable size tests, the entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1.2 Joint development of residential properties with the CCCG Group in Chongqing

On 29 April 2016, the Group entered into a connected transaction with the CCCG Group in relation to a joint venture project in Chongqing.

As disclosed in the Company's announcement dated 29 April 2016, Greentown Real Estate (a wholly-owned subsidiary of the Company) and China Real Estate Corp., Ltd* (中房地產股份有限公司) (a non wholly-owned subsidiary of CCCG) ("CREC") entered into a framework agreement pursuant to which Greentown Real Estate and CREC agreed to jointly develop a piece of land in Chongqing on a 35:65 ownership basis. The land is situated in New North Zone of Chongqing in the PRC with a gross site area of approximately 518,452 sqm, which was intended to be developed into a mixed use complex comprising residential and commercial properties. The total land consideration was RMB4,529,560,000.

Pursuant to the framework agreement, the parties expect that the total land consideration shall be contributed by Greentown Real Estate and CREC on a 35:65 basis. It is expected that all other funding needs will be primarily arranged by the relevant project company itself.

As at the date of the framework agreement, CCCG and its subsidiaries were holding 624,851,793 Shares, representing approximately 28.9% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CREC, being a non wholly-owned subsidiary of CCCG) are connected persons of the Company.

Based on applicable size tests, the entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the Company's announcement dated 3 July 2016, Greentown Real Estate and CREC decided to terminate the framework agreement by mutual consent pursuant to which Greentown Real Estate will not invest in the Project Company and each party shall release the other party from any obligations or liabilities in connection therewith. As at the date of the termination, Greentown Real Estate had not contributed any loan or capital for the relevant land.

1.3 Cornerstone investment in Greentown Service Group Co. Ltd. ("Greentown Service")

On 27 June 2016, Loyal Rich Holdings Limited (as investor), a wholly-owned subsidiary of the Company, entered into a cornerstone placing agreement with Greentown Service (as issuer), Merrill Lynch International, BOCI Asia Limited, Credit Suisse (Hong Kong) Limited and Haitong International Securities Co., Ltd (as joint global coordinators), pursuant to which the investor has conditionally agreed to acquire shares in Greentown Service ("GS Shares") at the final IPO price for such number of GS Shares (rounded down to the nearest whole board lot of 2,000 GS Shares) which may be purchased with the amount of approximately HK$305.55 million, but in any event not more than 138,880,000 GS Shares, as part of the international offering of Greentown Service.

As at the date of the cornerstone placing agreement, Greentown Service is an associate of Mr SONG Weiping (an executive director of the Company and co-chairman of the Board) and Mr SHOU Bainian (an executive director of the Company) and therefore a connected person of the Company.

Based on applicable size tests, the entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

1.4 Restructuring of Bluetown

In 2016, the shareholders of Bluetown have undergone a restructuring of Bluetown by way of demerging and continuing it into two entities, namely (a) New Bluetown which would be principally engaged in the construction management business of the then existing Bluetown and would take over the assets, rights and liabilities and employees associated with such business; and (b) Bluetown (i.e. the original entity after the restructuring) which would be principally engaged in the other businesses of the then existing Bluetown, namely projects related to, among other things, retirement, agriculture and township development. Both of such entities would, immediately after such restructuring, be under the same shareholding structure as that under the then existing Bluetown. In connection with the aforesaid, on 25 June 2016, an acquisition agreement and the disposal agreement were entered into pursuant to which the Company, through its wholly-owned subsidiary Mainwide (H.K.) Limited ("HK Subsidiary"), agreed to acquire the remaining equity interest in New Bluetown from the other shareholders, and through its wholly-owned subsidiary Greentown Real Estate, agreed to dispose of its 35.4% equity interest in Bluetown (after the restructuring) to Mr SONG Weiping.

Pursuant to the acquisition agreement dated 25 June 2016, the HK Subsidiary acquired an aggregate of 64.6% equity interest in New Bluetown from each of Mr SONG Weiping, Ningbo Heji Investment Management Partnership (Limited Liability Partnership)* (寧波合基投資管理合夥企業(有限合夥))*, Hangzhou Cuidu Investment Management Co., Ltd* (杭州翠都投資管理有限公司), Shanghai Yiju Shengyuan Equity Investment Centre (Limited Liability Partnership)* (上海易居生源股權投資中心(有限合夥)) and Shanghai Yiju Shengquan Equity Investment Centre (Limited Liability Partnership)* (上海易居生泉股權投資中心(有限合夥)) as to 34.6%, 17%, 10%, 1.7% and 1.3% respectively, at the total consideration of approximately RMB926 million (as adjusted in accordance with the acquisition agreement due to changes with respect to contracts for projects proposed to be allocated to New Bluetown). Upon completion of the acquisition, New Bluetown became wholly-owned by the Company (through the HK Subsidiary as to 64.6% and Greentown Real Estate as to 35.4%).

Pursuant to the disposal agreement dated 25 June 2016, Greentown Real Estate disposed of its 35.4% equity interest in Bluetown (after the restructuring) to Mr SONG Weiping at the total consideration of approximately RMB135 million (as adjusted in accordance with the disposal agreement due to changes with respect to contracts for projects proposed to allocated to New Bluetown). Upon completion of the disposal, the Company ceased to have any equity interest in Bluetown.

In addition to the acquisition agreement and the disposal agreement above, the following agreements were also entered into by the Group on 25 June 2016:

(a) an acquisition agreement pursuant to which Greentown Real Estate agreed to acquire, and Bluetown agreed to dispose of, 60% equity interests in Ningbo Innovative District Intellectual Greentown Construction Co., Ltd.* (寧波高新區智慧綠城建設有限公司) at the total consideration of RMB103,251,200; and

(b) the trademark assignment framework agreement and its supplemental agreement pursuant to which, among other things, Greentown Holdings Group Limited* (綠城控股集團有限公司) ("Greentown Holdings Group"), a company owned as to 40% by Mr SONG Weiping, 21% by Ms XIA Yibo (being the spouse of Mr SONG) and 39% by Mr SHOU Bainian, agreed to assign to the Company or its designated entities a total of 15 "Greentown" series of trademarks currently registered in the PRC or Hong Kong by Greentown Holdings Group, and the Company agreed to procure the assignment to Greentown Holdings Group one "育華" trademark currently registered by Greentown Real Estate, free of charge.

Mr SONG Weiping is co-chairman of the Board and an executive Director. Mr SONG Weiping is also the sole shareholder of Delta House Limited which holds 126,071,924 Shares, representing 5.83% of the total issued share capital of the Company. Mr SONG is also the sole member of Hong Kong Orange Osmanthus Foundation Limited, a company limited by guarantee and established by Mr SONG Weiping as a charitable institution in Hong Kong. This charitable institution holds 100,000,000 Shares, representing 4.62% of the total issued share capital of the Company. Mr SHOU Bainian is an executive director of the Company. Mr SHOU Bainian is also the sole shareholder of Profitwise Limited which holds 174,549,783 Shares, representing 8.07% of the total issued share capital of the Company. Greentown Holdings is a company established in the PRC with limited liability which is owned as to 40% by Mr SONG Weiping, 21% by Ms Xia Yibo (being the spouse of Mr SONG) and 39% by Mr SHOU Bainian. Each of Mr SONG Weiping and Greentown Holdings is a connected person of the Company (at the issuer level) under the Listing Rules.

Details of the agreements set out above are disclosed in the Company's announcement dated 25 June 2016. Based on applicable size tests, the entering into of the agreements above and the transactions contemplated thereunder constitute a discloseable and connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1.5 Joint development of residential properties with the CCCG Group in Beijing

On 26 July 2016, the Group entered into a connected transaction with the CCCG Group in relation to a joint venture project in Beijing.

As disclosed in the Company's announcement dated 26 July 2016, Hangzhou Zhiquan Investment Co., Ltd.* (杭州致全投資有限公司) ("Hangzhou Zhiquan") (a wholly-owned subsidiary of the Company) and CCCC Real Estate (a wholly-owned subsidiary of CCCG) entered into a joint development agreement pursuant to which Hangzhou Zhiquan and CCCC Real Estate agreed to jointly develop a piece of land in Beijing on a 85:15 ownership basis. The land is situated in Mentougou District of Beijing, the PRC with a site area of approximately 72,401.83 sqm. The land was expected to be primarily developed into residential properties with an expected gross floor area of approximately 202,725 sqm (which includes 31,000 sqm as public rental housing). The total land consideration was RMB5,700,000,000.

Pursuant to the joint development agreement, the parties expect that the total land consideration shall be contributed by Hangzhou Zhiquan and CCCC Real Estate on a 85:15 basis. It is expected that all other funding needs will be primarily arranged by the relevant project company itself.

As at the date of the framework agreement, CCCG and its subsidiaries were holding 624,851,793 Shares, representing approximately 28.9% of the issued share capital of the Company, and CCCG is therefore a substantial shareholder of the Company under the Listing Rules. Accordingly, CCCG and its associates (including CCCC Real Estate, being a non wholly-owned subsidiary of CCCG) are connected persons of the Company.

Based on applicable size tests, the entering into of the agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1.6 Formation of a joint venture for development of residential properties in Hangzhou

On 11 October 2016, the Group entered into a connected transaction with the Wharf Group in relation to a joint venture project in Hangzhou.

As disclosed in the Company's announcement dated 11 October 2016, Hangzhou Zhimiao Investment Co., Ltd* (杭州致淼投資有限公司) ("Hangzhou Zhimiao") (an indirect wholly-owned subsidiary of the Company) entered into a framework agreement with, among others, Zhejiang Lujiu Real Estate Co., Ltd.* (浙江綠九置業有限公司) ("Zhejiang Lujiu") (an indirect non-wholly owned subsidiary of the Company owned by the Group and Wharf Group as to 50% and 50%, respectively) and Hangzhou Xujing Investment Co., Ltd* (杭州旭景投資有限公司) ("Longfor Subsidiary") (an independent third party) in relation to the proposed joint development of a piece of land in Hangzhou into residential properties by Zhejiang Lujiu and Longfor Subsidiary on a 70:30 basis. The land is situated in Xiaoshan District of Hangzhou, Zhejiang province of the PRC with a gross site area of approximately 26,893 sqm. The residential properties to be developed on the land are expected to have a total gross floor area of approximately 72,611 sqm. The total land consideration was RMB1,099,000,000.

Pursuant to the framework agreement, the parties expect that the total land consideration (plus an amount equivalent to the aggregate of the relevant land tax amount and the preliminary stage development funds) shall be ultimately financed on a 70:30 basis by Zhejiang Lujiu and Longfor Subsidiary through contribution to the registered capital of the project company and shareholders' loan. It is expected that all other funding needs will be primarily arranged by the project company itself.

While the purpose of the framework agreement is for the Group (through Zhejiang Lujiu, being a non-wholly owned subsidiary of the Company) and Longfor Subsidiary (being an independent third party) to jointly develop the Land through a 70:30 ownership in the relevant project company, given that Hangzhou Zhimiao (being a wholly-owned subsidiary of the Company) and Zhejiang Lujiu (being a connected person of the Company) are parties to the framework agreement, based on the applicable size tests, the entering into of the framework agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) Continuing Connected Transactions

In 2016, the Group entered into the following non-exempt continuing connected transactions (the "Non-exempt Continuing Connected Transactions") within the meaning of Chapter 14A of the Listing Rules, and are subject to certain reporting requirements:

2.1 Renewed Properties Leasing Agreements

On 20 January 2012, the Company and Greentown Holdings Group entered into certain leasing agreements, pursuant to which Greentown Holdings Group leased to the Company certain commercial properties for general commercial uses (the "Commercial Properties") and certain staff quarters as staff quarters of the Group (the "Staff Quarters"). On 12 March 2015, the Company and Greentown Holdings Group entered into certain properties leasing agreements (the "Renewed Properties Leasing Agreements") in respect of the Commercial Properties and the Staff Quarters) for a term up to 31 December 2017.

The annual cap for the rent payable by the Company under the Renewed Properties Leasing Agreements for each of the three years ended 31 December 2017 was RMB15 million (as to RMB14.5 million for the rent of the Commercial Properties and RMB0.50 million for the rent of the Staff Quarters).

As Greentown Holdings Group is wholly-owned by Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo (the spouse of Mr SONG Weiping) (collectively, the "Original Shareholders"), Greentown Holdings Group is a connected person of the Company and the transactions contemplated under the Renewed Properties Leasing Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Properties Leasing Agreements were disclosed in the announcement of the Company dated 12 March 2015.

2.2 Renewed Advertising Services Agreement

On 20 January 2012, the Company and Zhejiang Greentown Football Club Co., Ltd* (浙江綠城足球俱樂部有限公司) ("Greentown Football Club") entered into an advertising services agreement (the "Advertising Services Agreement"), pursuant to which Greentown Football Club agreed to provide advertising services to the Company including advertising the Company's "Greentown Real Estate" brand name at the football games and events participated by Greentown Football Club. On 12 March 2015, the Company and Greentown Football Club entered into an advertising services agreement (the "Renewed Advertising Services Agreement") in accordance with similar terms of the Advertising Services Agreement for a term up to 31 December 2017.

The annual cap for the aggregate annual advertising fees payable by the Company under the Renewed Advertising Services Agreement for each of the three years ended 31 December 2017 was RMB70 million.

As Greentown Holdings Group is wholly-owned by the Original Shareholders, Greentown Holdings Group is a connected person of the Company. As Greentown Football Club is a non-wholly owned subsidiary of Greentown Holdings Group, Greentown Football Club is a connected person of the Company and the transactions contemplated under the Renewed Advertising Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Advertising Services Agreement were disclosed in the announcement of the Company dated 12 March 2015.

2.3 Renewed Comprehensive Services Agreement

On 20 January 2012, the Company, the Original Shareholders and Greentown Holdings Group entered into a comprehensive services agreement (the "Comprehensive Services Agreement") in respect of the provision of interior decoration services, property management services, raw materials and hotel management services to the Company. On 12 March 2015, the Company, the Original Shareholders and Greentown Holdings Group entered into a comprehensive services agreement (the "Renewed Comprehensive Services Agreement") in accordance with similar terms of the Comprehensive Services Agreement for a term up to 31 December 2017.

(a) Interior Decoration Services

Pursuant to the Renewed Comprehensive Services Agreement, the Original Shareholders, through their associates, agreed to provide interior decoration services to the Company for the Company's property developments upon terms not less favorable than those the Original Shareholders offer to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from the Original Shareholders. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the fees in respect of interior decoration services payable by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2017 was RMB10 million.

As the Original Shareholders are connected persons of the Company, the provision of interior decoration services by the Original Shareholders through their associates under the Renewed Comprehensive Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(b) Property Management Services

Pursuant to the Renewed Comprehensive Services Agreement, Greentown Holdings Group, through its associates, agreed to provide, among other services, pre-delivery property management services (including certain property management advisory services, security services and other related services) to the Company for the Company's property developments upon terms not less favorable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual caps for the fees in respect of the aforesaid property management services payable by the Company under the Renewed Comprehensive Services Agreement for the three years ended 31 December 2017 were RMB220 million, RMB240 million and RMB260 million, respectively.

(c) *Supply of Raw Materials*

Pursuant to the Renewed Comprehensive Services Agreement, Greentown Holdings Group, through its associates, agreed to supply, among other things, certain landscaping raw materials to the Company for the Company's property developments upon terms not less favorable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to purchase such landscaping raw materials exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate the purchase of such landscaping raw materials in respect of any specific supply contract. The annual cap for the costs in respect of the purchase of the aforesaid landscaping raw materials by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2017 was RMB10 million.

(d) *Hotel Management Services*

Pursuant to the Renewed Comprehensive Services Agreement, Greentown Holdings Group, through its associates, agreed to provide, among other services, pre-delivery hotel management services (including certain advisory services and other related services) and post-delivery hotel management and operation services (including leasing business) to the Company for the Company's hotel property development projects upon terms not less favorable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the aforesaid hotel management services payable by the Company under the Renewed Comprehensive Services Agreement for each of the three years ended 31 December 2017 was RMB15 million.

As Greentown Holdings Group is wholly-owned by the Original Shareholders, Greentown Holdings Group is a connected person of the Company and the transactions contemplated in paragraphs (b) to (d) above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Comprehensive Services Agreement were disclosed in the announcement of the Company dated 12 March 2015.

2.4 Renewed Educational Services Framework Agreement

On 20 January 2012, the Company and Zhejiang Greentown Education Investment Co., Ltd* (浙江綠城教育投資有限公司) ("Greentown Education") entered into an educational services framework agreement (the "Educational Services Framework Agreement") for the provision of early educational participation services by Greentown Education to the Group in the Group's development projects. On 12 March 2015, the Company and Greentown Education entered into an educational services framework agreement (the "Renewed Educational Services Framework Agreement") in accordance with similar terms of the Educational Services Framework Agreement for a term up to 31 December 2017. The services provided by Greentown Education mainly include: (i) participating in and advising on the initial decoration proposals and decoration work for the nursery and primary schools in the development projects of the Group; and (ii) assisting the Group in developing interest classes and summer camps, and related promotional activities. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Renewed Educational Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Education by three months' prior written notice. The annual cap for the fees in respect of the educational services payable by the Company under the Renewed Educational Services Framework Agreement for each of the three years ended 31 December 2017 was RMB10 million.

As Greentown Education is wholly-owned by the Original Shareholders, Greentown Education is a connected person of the Company and the transactions contemplated under the Renewed Educational Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Educational Services Framework Agreement were disclosed in the announcement of the Company dated 12 March 2015.

2.5 Renewed Healthcare Services Framework Agreement

On 20 January 2012, the Company and Zhejiang Greentown Hospital Investment Co., Ltd* (浙江綠城醫院投資有限公司) ("Greentown Hospital") entered into a healthcare services framework agreement (the "Healthcare Services Framework Agreement") for the provision of healthcare services to the Group. On 12 March 2015, the Company and Greentown Hospital entered into a healthcare services framework agreement (the "Renewed Healthcare Services Framework Agreement") in accordance with similar terms of the Healthcare Services Framework Agreement for a term up to 31 December 2017. The services provided by Greentown Hospital mainly include: (i) providing healthcare and rehabilitation services; (ii) providing regular medical activities in respect of common or recurring diseases; (iii) establishing health database and developing health screening services; (iv) providing specific medical services; and (v) providing medical and living care services. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Renewed Healthcare Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Hospital by three months' prior written notice. The annual caps for the fees in respect of healthcare services payable by the Company under the Renewed Healthcare Services Framework Agreement for the three years ended 31 December 2017 were RMB10 million respectively.

As Greentown Hospital is controlled by the Original Shareholders, Greentown Hospital is a connected person of the Company and the transactions contemplated under the Renewed Healthcare Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Healthcare Services Framework Agreement were disclosed in the announcement of the Company dated 12 March 2015.

The annual amounts for each of the Non-exempt Continuing Connected Transactions for the year ended 31 December 2016 were as follows:

Transaction Amounts for the Year Ended 31 December 2016	**RMB'000**
Annual rental pursuant to the Renewed Properties Leasing Agreements	10,177
Advertising fees pursuant to the Renewed Advertising Services Agreement	70,000
Interior decoration service fees pursuant to the Renewed Comprehensive Services Agreement	5,595
Property management service fees pursuant to the Renewed Comprehensive Services Agreement	147,785
Purchase cost of raw materials pursuant to the Renewed Comprehensive Services Agreement	210
Hotel management services fees pursuant to the Renewed Comprehensive Services Agreement	3,909
Educational services fees pursuant to the Renewed Educational Services Framework Agreement	–
Healthcare services fees pursuant to the Renewed Healthcare Services Framework Agreement	1,567

The independent non-executive directors of the Company have reviewed the Non-exempt Continuing Connected Transactions and confirmed that they were:

(a) entered into by members of the Group in the ordinary and usual course of its business;

(b) on normal commercial terms or better; and

(c) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing his findings and conclusions in respect of the Non-Exempt Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In the opinion of the directors, all the above transactions have been entered into in the ordinary course of the Group's business and are conducted on normal commercial terms and are fair and reasonable and in the interest of the Company's shareholders as a whole.

The directors confirm that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Directors' Interest In Competing Business

We set out below other directors' interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

Name of Director	Name of competing entity	Nature of business of the competing entity	Nature of interest of the director in the competing entity
Mr. SONG Weiping	Greentown Holdings Group	The development and sale of the Remaining Non-Inclusion Project (Note)	Director and substantial shareholder
Mr. LIU Wensheng	CCCC	The design and construction of Transportation infrastructure dredging business, heavy machinery manufacturing and property development	Secretary of Board of Directors, Company Secretary and Chief Economist
Mr SHOU Bainian	Greentown Holdings Group	The development and sale of the Remaining Non – Inclusion Project (Note)	Director and substantial shareholder
Mr SUN Guoqiang	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Chairman and General Manager
Mr CAO Zhounan	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Director
Mr LI Qingan	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Director
Mr LI Yongqian	CCCG Real Estate Group Company Limited* (中交房地產集團有限公司)	The development of properties and project investment	Director

Note: Among the eight property projects as referred to in the deed of non-competition dated 22 June 2006 and disclosed in the section headed "Business – Non-competition undertaking – Non-inclusion projects" in the prospectus of the Company dated 30 June 2006, so far as the Company is aware, there was only one project which remained on-going as at 31 December 2016 (the "Remaining Non-Inclusion Project").

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales and the sales attributable to the Group's largest customer were less than 10% of the Group's total sales for the Year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases and the purchases attributable to the Group's largest supplier were less than 10% of the Group's total purchases for the Year.

At no time during the year ended 31 December 2016, a director, an associate of a director or a shareholder of the Company (who to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers or customers.

Pre-Emptive Rights

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

Donations

During the year ended 31 December 2016, the Company made charitable donations amounting to RMB33,812,876.18.

Annual General Meeting

The forthcoming AGM is proposed to be held on 16 June 2017 (Friday). A notice convening the AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

(i) From 13 June 2017 (Tuesday) to 16 June 2017 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, Shareholders must lodge all transfers accompanied by the relevant share certificates with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 12 June 2017 (Monday); and

(ii) From 22 June 2017 (Thursday) to 26 June 2017 (Monday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to the 2016 Final Dividend, if approved by the Shareholders at the AGM. In order to be eligible to the 2016 Final Dividend, Shareholders must lodge all transfers accompanied by the relevant share certificates with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 21 June 2017 (Wednesday).

Auditor

The Consolidated Financial Statements of the Group for the year ended 31 December 2016 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

By order of the Board
Co-chairmen
Song Weiping **Liu Wensheng**

24 March 2017

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 101 to 202, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Net realisable value for properties under development and completed properties for sale	
We identified the net realisable value for properties under development and completed properties for sale as a key audit matter as a significant management estimates is required in assessing the net realisable value. Properties under development and completed properties for sale at the end of each reporting period are stated at the lower of cost and net realisable value.	Our procedures in relation to the management's assessment of the net realisable value of properties under development and completed properties for sale included, among others: • Evaluating the design, implementation and operating effectiveness of key controls over cost budgeting for estimated costs to completion;

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Net realisable value for properties under development and completed properties for sale	
Net realisable value for properties under development is determined by reference to estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sale. Net realisable value for completed properties for sale is determined by reference to estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. As disclosed in note 22 to the consolidated financial statements and the consolidated statement of financial position, as at 31 December 2016, the carrying amounts of properties under development and completed properties for sale are RMB61,485,671,000 and RMB12,246,484,000 respectively (net of accumulated impairment losses of RMB nil and RMB110,282,000 respectively).	• Assessing the reasonableness of estimated selling price by comparing, on a sample basis, the management's estimation with most recent average selling price with contracted sales of the underlying properties made to date or from current market prices of properties of comparable standards and locations; and • Assessing the reasonableness of estimated costs of completion by comparing, on a sample basis, the previous budgeted costs to actual development costs incurred, and checking to supporting documentation such as quantity surveyor reports and signed contracts.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties stated at fair value We identified the valuation of investment properties stated at fair value as a key audit matter due to the involvement of management's judgement in determining the fair value. As disclosed in note 14 to the consolidated financial statements, investment properties are carried in the consolidated statement of financial position at 31 December 2016 at their fair value of approximately RMB1,981,500,000(2015: RMB1,931,500,000). The fair value was based on valuation on these properties conducted by the independent qualified professional valuer using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.	Our procedures in relation to the valuation of investment properties included, among others: • Evaluating the appropriateness of the third party valuer's scope and assessed whether the third party valuer had sufficient expertise; • Obtaining an understanding of the valuation processes and the significant assumptions used in the valuation, namely the reversionary yield and market unit rent, from the management of the Group and the valuer; • Checking the source information provided by management to the third party valuer to see if the source information is consistent with our record; and • Evaluating the appropriateness of the valuer's key assumptions by comparing yields on a sample of properties to external benchmark indices and comparing market unit rent used in the valuation on a sample of properties to comparable market transactions that we independently sourced from market data.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Provision for Land Appreciation Tax ("LAT") We identified the provision for LAT as a key audit matter due to the complexity of estimation of LAT. The Group is subject to LAT in the PRC, as disclosed in note 4 to the consolidated financial statements, the provision for LAT amounting to RMB2,095,175,000 (2015: RMB2,208,580,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.	Our procedures in relation to the provision for LAT included, among others: • Obtaining an understanding from management of the Group in respect of the principal assumptions and judgements made in arriving at the provision for LAT; • Assessing the Group's provision for LAT computation prepared by the management of the Group with reference to relevant rules and regulations with the assistance of our taxation specialists; and • Checking the financial information, such as land costs, borrowing costs and the relevant property development expenditures, used in the calculation of provision for LAT to the Group's historical financial data. Furthermore, we assessed the adequacy and appropriateness of the disclosures in respect to the provision for LAT.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000
Revenue	5	**28,975,603**	26,047,051
Cost of sales		**(22,953,628)**	(20,626,106)
Gross profit		**6,021,975**	5,420,945
Other income	6	**977,400**	849,170
Selling expenses		**(1,347,245)**	(1,229,119)
Administrative expenses		**(2,860,501)**	(2,572,730)
Finance costs	7	**(1,037,480)**	(885,945)
Reversal of impairment losses on property, plant and equipment	13	**37,649**	30,729
Impairment losses on completed properties for sale		**(68,593)**	(327,120)
Impairment losses on trade and other receivables		**(25,783)**	–
Impairment losses on amounts due from an associate and a joint venture		**(81,787)**	(196,619)
Gain from changes in fair value of investment properties	14	**50,000**	40,000
Fair value changes on cross currency swaps		**55,547**	(128,622)
Fair value changes on senior notes' early redemption options	27	**(101,294)**	257,994
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages	31	**51,689**	–
Gain on acquisition of subsidiaries	31	**2,325**	2,242
Net gain on disposal of subsidiaries	32	**74,461**	2,906
Gain on disposal of an associate		**575,455**	2,958
Loss on disposal of a joint venture		**(636)**	–
Share of results of associates		**1,255,767**	1,436,026
Share of results of joint ventures		**169,280**	231,856
Profit before taxation	8	**3,748,229**	2,934,671
Taxation	10	**(1,525,686)**	(1,675,175)
Profit for the year		**2,222,543**	1,259,496
Other comprehensive income item that may be reclassified subsequently to profit or loss			
Fair value gain on available-for-sale investment		**86,498**	–
Other comprehensive income for the year, net of income tax		**86,498**	–
Total comprehensive income for the year		**2,309,041**	1,259,496
Profit for the year attributable to:			
Owners of the Company		**1,917,096**	813,206
Non-controlling interests		**305,447**	446,290
		2,222,543	1,259,496
Total comprehensive income attributable to:			
Owners of the Company		**2,003,594**	813,206
Non-controlling interests		**305,447**	446,290
		2,309,041	1,259,496
Earnings per share	12		
Basic		**RMB0.70**	RMB0.25
Diluted		**RMB0.70**	RMB0.25

Consolidated Statement of Financial Position

As at 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**6,546,635**	6,512,266
Investment properties	14	**1,981,500**	1,931,500
Goodwill	15	**769,241**	769,241
Interests in associates	16	**7,105,857**	6,646,717
Interests in joint ventures	17	**3,058,370**	2,979,402
Available-for-sale investments	18	**516,801**	162,289
Prepaid lease payment	19	**662,981**	659,487
Rental paid in advance		**8,626**	8,843
Deferred tax assets	20	**1,304,716**	1,201,769
Senior notes' early redemption options	27	**156,700**	257,994
		22,111,427	21,129,508
CURRENT ASSETS			
Properties for development	21	**14,289,403**	9,982,486
Properties under development	22	**61,485,671**	48,772,289
Completed properties for sale		**12,246,484**	14,348,837
Inventories		**92,844**	92,245
Trade and other receivables, deposits and prepayments	23	**6,303,874**	4,318,531
Amounts due from related parties	41(ii)	**23,891,988**	24,275,996
Prepaid income taxes		**2,634,579**	1,351,708
Prepaid other taxes		**1,768,699**	1,183,024
Pledged bank deposits	23, 36	**2,292,743**	3,358,767
Bank balances and cash	23	**22,677,917**	14,879,912
		147,684,202	122,563,795
Assets classified as held for sale	24	**–**	819,301
		147,684,202	123,383,096
CURRENT LIABILITIES			
Trade and other payables	25	**17,290,445**	18,754,124
Pre-sale deposits		**38,422,675**	22,223,247
Amounts due to related parties	41(ii)	**17,072,087**	11,642,692
Income taxes payable		**4,663,588**	4,355,641
Other taxes payable		**441,433**	740,929
Bank and other borrowings	26	**10,037,318**	12,540,078
Senior notes	27	**–**	2,497,056
Cross currency swaps	27	**–**	199,796
		87,927,546	72,953,563
Liabilities associated with assets classified as held for sale	24	**–**	312,340
		87,927,546	73,265,903

	NOTES	2016 RMB'000	2015 RMB'000
NET CURRENT ASSETS		**59,756,656**	50,117,193
TOTAL ASSETS LESS CURRENT LIABILITIES		**81,868,083**	71,246,701
NON-CURRENT LIABILITIES			
Bank and other borrowings	26	**25,983,995**	14,894,665
Senior notes	27	**4,896,445**	8,163,517
Corporate bonds	28	**6,916,290**	6,898,467
Deferred tax liabilities	20	**4,744,710**	4,629,993
		42,541,440	34,586,642
		39,326,643	36,660,059
CAPITAL AND RESERVES			
Share capital	29	**209,034**	208,967
Reserves		**24,481,284**	23,792,070
Equity attributable to owners of the Company		**24,690,318**	24,001,037
Perpetual securities	30	**5,598,919**	3,014,681
Non-controlling interests		**9,037,406**	9,644,341
		39,326,643	36,660,059

The consolidated financial statements on page 101 to 202 were approved and authorised for issue by the Board of Directors on 24 March 2017 and are signed on its behalf by:

CAO Zhounan
DIRECTOR

Li Qing'an
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to owners of the Company										
	Share capital RMB'000	**Share premium** RMB'000	**Special reserve** RMB'000 (i)	**Statutory reserve** RMB'000 (ii)	**Share option reserve** RMB'000	**Investments revaluation reserve** RMB '000	**Retained earnings** RMB'000	**Subtotal** RMB'000	**Perpetual securities** RMB'000	**Non-controlling Interests** RMB'000	**Total** RMB'000
At 1 January 2015	208,850	8,538,238	(383,278)	1,743,712	215,284	-	13,317,265	23,640,071	3,014,681	8,190,556	34,845,308
Total comprehensive income for the year	-	-	-	-	-	-	813,206	813,206	-	446,290	1,259,496
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,474,708)	(1,474,708)
Transfer (ii)	-	-	-	106,409	-	-	(106,409)	-	-	-	-
Exercise of share options	117	4,775	-	-	(1,501)	-	-	3,391	-	-	3,391
Distribution relating to Perpetual Securities (note 30)	-	-	-	-	-	-	(275,715)	(275,715)	-	-	(275,715)
Acquisition of subsidiaries (note 31)	-	-	-	-	-	-	-	-	-	2,297,010	2,297,010
Purchase of additional interest in subsidiaries	-	-	(179,916)	-	-	-	-	(179,916)	-	(146,096)	(326,012)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(113,682)	(113,682)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(34,767)	(34,767)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	479,738	479,738
At 31 December 2015	208,967	8,543,013	(563,194)	1,850,121	213,783	-	13,748,347	24,001,037	3,014,681	9,644,341	36,660,059
Profit for the year	-	-	-	-	-	-	1,917,096	1,917,096	-	305,447	2,222,543
Other comprehensive income for the year	-	-	-	-	-	86,498	-	86,498	-	-	86,498
Total comprehensive income for the year	-	-	-	-	-	86,498	1,917,096	2,003,594	-	305,447	2,309,041
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(839,682)	(839,682)
Transfer (ii)	-	-	-	10,868	-	-	(10,868)	-	-	-	-
Exercise of share options	67	2,654	-	-	(791)	-	-	1,930	-	-	1,930
Issue of Perpetual Securities (note 30)	-	-	-	-	-	-	-	-	2,584,238	-	2,584,238
Distribution relating to Perpetual Securities (note 30)	-	-	-	-	-	-	(371,044)	(371,044)	-	-	(371,044)
Acquisition of subsidiaries (note 31)	-	-	-	-	-	-	-	-	-	151,977	151,977
Purchase of additional interest in subsidiaries	-	-	(964,275)	-	-	-	-	(964,275)	-	(129,606)	(1,093,881)
Partial disposal of interest in subsidiaries	-	-	19,076	-	-	-	-	19,076	-	31,424	50,500
Disposal of subsidiaries (note 32)	-	-	-	-	-	-	-	-	-	(99,595)	(99,595)
Liquidation of a subsidiary	-	-	-	-	-	-	-	-	-	(49,000)	(49,000)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	22,100	22,100
At 31 December 2016	209,034	8,545,667	(1,508,393)	1,860,989	212,992	86,498	15,283,531	24,690,318	5,598,919	9,037,406	39,326,643

Notes:

(i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.

(ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	2016 RMB'000	2015 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**3,748,229**	2,934,671
Adjustments for:		
Share of results of associates	**(1,255,767)**	(1,436,026)
Share of results of joint ventures	**(169,280)**	(231,856)
Depreciation and amortisation	**298,304**	316,830
Impairment loss on trade and other receivable	**25,783**	–
Impairment losses on completed properties for sale	**68,593**	327,120
Impairment losses on amounts due from an associate and a joint venture	**81,787**	196,619
Reversal of impairment losses on property, plant and equipment	**(37,649)**	(30,729)
Interest income	**(761,803)**	(593,657)
Dividends from available-for-sale investments	**(24,000)**	(99,570)
Finance costs	**1,037,480**	885,945
Net unrealised foreign exchange losses	**528,132**	426,054
Net loss (gain) on disposal of property, plant and equipment	**13,036**	(3,537)
Gain from changes in fair value of investment properties	**(50,000)**	(40,000)
Fair value changes on cross currency swaps	**(55,547)**	128,622
Fair value changes on senior notes' early redemption options	**101,294**	(257,994)
Net gain on disposal of subsidiaries	**(74,461)**	(2,906)
Gain on disposal of an associate	**(575,455)**	(2,958)
Loss on disposal of joint ventures	**636**	–
Gain on acquisition of subsidiaries	**(2,325)**	(2,242)
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages	**(51,689)**	–
Operating cash flows before movements in working capital	**2,845,298**	2,514,386
Increase in properties for development	**(1,899,220)**	(4,882,983)
(Increase) decrease in properties under development	**(5,690,518)**	6,024,076
Decrease in completed properties for sale	**2,115,715**	1,460,512
(Increase) decrease in inventories	**(429)**	30,286
(Increase) decrease in trade and other receivables, deposits and prepayments	**(1,498,966)**	515,592
Increase in prepaid other taxes	**(301,064)**	(223,660)
Decrease (increase) in rental paid in advance	**217**	(146)
Increase (decrease) in pre-sale deposits	**12,654,269**	(12,434)
Decrease in trade and other payables	**(1,092,420)**	(2,096,697)
(Decrease) increase in other taxes payable	**(1,272,314)**	16,981
Cash generated from operations	**5,860,568**	3,345,913
Income taxes paid	**(2,410,548)**	(2,620,078)
NET CASH FROM OPERATING ACTIVITIES	**3,450,020**	725,835

	NOTES	2016 RMB'000	2015 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(208,974)**	(160,308)
Proceeds from disposal of property, plant and equipment		**23,177**	17,226
Increase in prepaid lease payment		**(24,356)**	–
Investments in associates		**(6,525)**	(615,693)
Investments in joint ventures		**(97,934)**	(1,480,090)
Disinvestment in associates		**139,225**	–
Disinvestment in joint ventures		**60,000**	50,000
Dividends received from associates and joint ventures		**488,312**	1,561,294
Disposal (purchase) of available-for-sale investments		**(236,299)**	221,868
Dividends received from available-for-sale investments		**24,000**	99,570
Consideration received for disposal of an associate recognised in prior year		**12,000**	–
Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired)	31	**236,186**	(2,070,335)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	32	**(174,405)**	142,853
Receipt (repaid) in advance for a subsidiary held for sale		**(786,913)**	786,913
Acquisition of an associate		**–**	(41,150)
Proceeds from disposal of interests in associates		**679,091**	215,721
Proceeds from disposal of interests in joint ventures		**68,000**	–
Repayment from (advance to) third parties		**(649,774)**	493,314
Repayment from related parties		**1,306,971**	1,101,717
Exercise of cross currency swaps		**(144,249)**	–
Decrease (increase) in pledged bank deposits		**1,066,024**	(2,008,077)
Interest received		**392,312**	305,409
NET CASH FROM (USED) IN INVESTING ACTIVITIES		**2,165,869**	(1,379,768)

	2016 RMB'000	2015 RMB'000
FINANCING ACTIVITIES		
Bank and other borrowings raised	**29,261,615**	15,431,178
Repayment of bank and other borrowings	**(21,493,666)**	(16,979,150)
Interest paid	**(3,533,653)**	(2,771,159)
Senior notes repaid	**(6,177,244)**	–
Advance from (repayment of) borrowings from related parties	**3,430,166**	5,248,355
Contribution by non-controlling shareholders of subsidiaries	**22,100**	479,738
Dividends paid to non-controlling interests	**(888,682)**	(1,509,475)
Proceeds from issue of Perpetual Securities	**2,584,238**	–
Distribution relating to Perpetual Securities	**(371,044)**	(275,715)
Proceeds from issue of senior notes	**–**	1,566,932
Proceeds from issue of corporate bonds	**–**	6,892,000
Proceeds from exercise of share options	**1,930**	3,391
Purchase of additional interests in subsidiaries	**(774,071)**	(326,012)
Proceeds from partial disposal of subsidiaries	**50,500**	–
NET CASH FROM FINANCING ACTIVITIES	**2,112,189**	7,760,083
NET INCREASE IN CASH AND CASH EQUIVALENTS	**7,728,078**	7,106,150
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**14,879,912**	7,733,567
Effects of exchange rate changes on the balance of cash held in foreign currencies	**69,927**	40,195
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**22,677,917**	14,879,912
REPRESENTED BY BANK BALANCES AND CASH	**22,677,917**	14,879,912

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. General

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs applied in the current year

In the current year, the Group has applied, for the first time, several amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") that are effective for the Group's financial year beginning on 1 January 2016.

The application of the amendments to IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

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

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

Except as disclosed below, the directors of the Company anticipate that application of the new and amendments to IFRSs will have no material impact to the Group's consolidated financial statements in the future.

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

New and amendments to IFRSs issued but not yet effective (continued)

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9 are described as follows:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

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

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of IFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the directors of the Company performed a detailed review.

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

New and amendments to IFRSs issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

In April 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company have preliminarily assessed that the performance obligations of property sales, hotel operations, property rental income and sales of construction materials, they are similar to the current identification of separate revenue components under IAS 18, and the timing of revenue recognition of each of these revenue are not expected to be materially affected.

However, the directors of the Company have preliminarily assessed that the application of HKFRS 15 in the future may have an impact on the amounts reported from project management and design and decoration, as the timing of revenue recognition may be affected. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the directors of the Company performs a detailed review.

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

New and amendments to IFRSs issued but not yet effective (continued)

IFRS 16 Leases

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

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

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

Under IAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of approximately RMB88,218,000 as disclosed in note 33. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associates or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after a date to be determined. The directors of the Company do not anticipate that the application of these amendments to IFRS 10 and IAS 28 will have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

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

New and amendments to IFRSs issued but not yet effective (continued)

Amendments to IAS 7 Disclosure Initiative

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

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

However, the directors of the Company do not anticipate that the application of these amendments to IAS 7 will have a material impact on the amounts reported in Group's consolidated financial statements in future.

3. Principal Accounting Policies

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

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

3. Principal Accounting Policies (continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. Principal Accounting Policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. Principal Accounting Policies (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date . If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Acquisition of assets not constituting a business

When the Group acquires a subsidiary, a group of assets or net assets that does not constitute a business, the cost of the acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date. No goodwill will be recognised for acquisition of a subsidiary that is accounted for as acquisition of assets.

3. Principal Accounting Policies (continued)

Investments in associates and joint ventures

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

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

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

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

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

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

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

3. Principal Accounting Policies (continued)

Investments in associates and joint ventures (continued)

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

When non-current assets have previously been classified as held for sale, but the held for sale criteria are no longer met, the non-current assets should be removed from the held for sale category. The removed non-current assets should be measured at the lower of (i) their carrying amount before the assets were classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and (ii) their recoverable amount at the date of the subsequent decision not to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-sales of properties are carried as pre-sale deposits.

Revenue from sales of other goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Comprehensive service income is recognised on sales or pre-sales of properties by comprehensive service users at agreed fee rates.

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

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

3. Principal Accounting Policies (continued)

Foreign currencies

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

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

Borrowing costs

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

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

Taxation

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

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

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

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

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

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

3. Principal Accounting Policies (continued)

Taxation (continued)

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

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

Leasehold land and buildings

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

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

3. Principal Accounting Policies (continued)

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

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

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

Property, plant and equipment

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

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

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy and, where appropriate, the amortisation of prepaid lease payments provided during the construction period. Such properties are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Investment properties

Investment properties are properties (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rentals and/or for capital appreciation.

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

3. Principal Accounting Policies (continued)

Investment properties (continued)

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

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

Impairment of tangible assets

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

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Properties for development

Properties for development, representing leasehold land located in the PRC for development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights and other directly attributable costs. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties for development are transferred to properties under development upon commencement of development.

Properties under development

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

3. Principal Accounting Policies (continued)

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group transfers a property from completed properties for sale to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

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

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

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either (i) held for trading or (ii) it is designated as at FTVPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in Note 40(c).

Loans and receivables

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

Available-for-sale financial assets

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

Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

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

Impairment of financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss ("FVTPL") and financial liabilities at amortised cost.

Effective interest method

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

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading.

A financial liability is classified as held for trading if:

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

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in the other income item.

Financial liabilities at amortised cost

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

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Corporate bonds

Corporate bonds issued by a subsidiary of the Group that contain both liability and written put option (which is closely related to the host contract) are not separated into host contract and embedded derivatives on initial recognition. At the date of issue, the corporate bonds are recognised at fair value

In subsequent periods, the corporate bonds are carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the corporate bonds are included in the carrying amount of the corporate bonds and amortised over the period of the corporate bonds using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

3. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). Share option premiums received or receivable from grantees are recognised in share options reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical judgements in applying accounting policies

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

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both enterprise income tax and land appreciation tax on changes in fair value of investment properties.

Key sources of estimation uncertainty

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

Net realisable value for properties for development, properties under development and completed properties for sale

Properties for development, properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties for development and properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. During the course of their assessment, management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2016, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB14,289,403,000 (2015: RMB9,982,486,000), RMB61,485,671,000 (2015: RMB48,772,289,000) and RMB12,246,484,000 (2015: RMB14,348,837,000) respectively (net of accumulated impairment losses of RMB nil (2015: RMB nil), RMB nil (2015: RMB nil) and RMB110,282,000 (2015: RMB374,908,000) respectively).

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2016 at their fair value of approximately RMB1,981,500,000 (2015: RMB1,931,500,000).

The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of trade and other receivables and amounts due from related parties

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine impairment loss. The amount of the impairment 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 (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2016, the carrying amount of trade and other receivables and amounts due from related parties are RMB4,699,345,000 (2015: RMB3,611,666,000) and RMB23,891,988,000 (2015: RMB24,275,996,000) respectively (net of accumulated impairment loss of RMB25,783,000 (2015: RMB nil) and RMB400,604,000 (2015: RMB318,817,000) respectively).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the discounted future cash flow estimations are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31 December 2016 was RMB769,241,000 (2015: RMB769,241,000) (net of accumulated impairment loss of RMB nil (2015: RMB nil)). Details of the impairment loss calculation are set out in note 15.

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB2,095,175,000 (2015: RMB2,208,580,000) (included in income taxes payable) is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Coupon rate of the corporate bonds

The corporate bonds amounting to RMB6,916,290,000 (2015: RMB6,898,467,000) contain Coupon Rate Adjustment Right that allow the issuer of the corporate bonds to adjust the coupon rates of the remaining outstanding bonds under certain terms and conditions. The corporate bonds also contain written put options granting the investors of the corporate bonds right to sell back the bonds that will be triggered with the exercise of the Coupon Rate Adjustment Right. As at the reporting date of the financial statement, the Group had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the effective interest rate charged for the year on the corporate bonds was calculated according to the original coupon rates and maturity dates of the corporate bonds. If the Group decided to exercise the Coupon Rate Adjustment Right of the corporate bonds, the effective interest rate would be different because the coupon rates of any remaining outstanding corporate bonds would be adjusted and the corporate bonds would become immediately repayable. Details of the corporate bonds are set out in note 28.

5. Revenue and Segment Information

An analysis of the Group's revenue from its major products and services is as follows:

	2016 RMB'000	2015 RMB'000
Property sales	**25,520,532**	23,325,860
Hotel operations	**652,022**	583,732
Project management	**813,523**	747,908
Property rental income	**139,028**	124,022
Design and decoration	**1,660,031**	1,099,165
Sales of construction materials	**27,239**	1,606
Other business	**163,228**	164,758
	28,975,603	26,047,051

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated assets are located in the PRC.

The Group's reportable segments under IFRS 8 are as follows:

1 Property development
2 Hotel operations
3 Property investment
4 Others (including sales of construction materials, design and decoration, project management, etc.)

For the property development operations, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

For the property investment operations, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of joint ventures and associates and related finance costs, but excludes fair value changes on cross currency swaps and certain administrative expenses, other income, finance costs and taxation. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in Note 3.

5. Revenue and Segment Information (continued)

Sales between segments are carried out on terms agreed between the counterparties.

No customers account for 10% or more of the Group's revenue.

An analysis of the Group's revenue and results by reportable segment is as follows:

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2016							
Segment revenue							
External revenue	25,520,532	652,022	139,028	2,664,021	28,975,603	–	28,975,603
Inter-segment revenue	–	802	–	211,731	212,533	(212,533)	–
Total	25,520,532	652,824	139,028	2,875,752	29,188,136	(212,533)	28,975,603
Segment results	1,885,856	95,395	65,783	287,024	2,334,058	(1,846)	2,332,212
Unallocated administrative expenses							(87,700)
Unallocated other income							18,790
Unallocated finance costs							(170)
Fair value changes on cross currency swaps							55,547
Unallocated taxation							(96,136)
Profit for the year							2,222,543

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
For the year ended 31 December 2015							
Segment revenue							
External revenue	23,325,860	583,732	124,022	2,013,437	26,047,051	–	26,047,051
Inter-segment revenue	–	18,624	–	301,950	320,574	(320,574)	–
Total	23,325,860	602,356	124,022	2,315,387	26,367,625	(320,574)	26,047,051
Segment results	1,217,911	27,045	44,651	202,602	1,492,209	(18,954)	1,473,255
Unallocated administrative expenses							(64,040)
Unallocated other income							16,677
Unallocated finance costs							(1,820)
Fair value changes on cross currency swaps							(128,622)
Unallocated taxation							(35,954)
Profit for the year							1,259,496

5. Revenue and Segment Information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	2016 RMB'000	2015 RMB'000
Property development	**155,218,642**	129,525,307
Hotel operations	**6,564,684**	6,656,336
Property investment	**2,011,811**	1,969,604
Others	**4,872,158**	4,843,293
Total segment assets	**168,667,295**	142,994,540
Unallocated	**1,128,334**	1,518,064
Consolidated assets	**169,795,629**	144,512,604

Segment liabilities

	2016 RMB'000	2015 RMB'000
Property development	**124,376,681**	100,698,005
Hotel operations	**386,069**	413,575
Property investment	**682,160**	801,599
Others	**4,419,841**	4,842,873
Total segment liabilities	**129,864,751**	106,756,052
Unallocated	**604,235**	1,096,493
Consolidated liabilities	**130,468,986**	107,852,545

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than bank balances and cash, property, plant and equipment, available-for-sale investments, trade and other receivables, deposits and prepayments and amounts due from related parties pertaining to non-operating group entities.

- all liabilities are allocated to operating segments other than derivative financial instruments, bank and other borrowings, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

5. Revenue and Segment Information (continued)

Other segment information

For the year ended 31 December 2016

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Reportable segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets (Note)	342,362	87,509	509	60,210	490,590	2,025	492,615
Interests in associates	7,105,857	–	–	–	7,105,857	–	7,105,857
Interests in joint ventures	3,058,370	–	–	–	3,058,370	–	3,058,370
Reversal of impairment losses on property, plant and equipment	–	(37,649)	–	–	(37,649)	–	(37,649)
Impairment losses on completed properties for sale	68,593	–	–	–	68,593	–	68,593
Impairment losses on trade and other receivables	–	–	–	25,783	25,783	–	25,783
Impairment losses on amounts due from a joint venture	81,787	–	–	–	81,787	–	81,787
Gain from changes in fair value of investment properties	–	–	(50,000)	–	(50,000)	–	(50,000)
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages	(51,689)	–	–	–	(51,689)	–	(51,689)
Gain on acquisition of subsidiaries	(2,325)	–	–	–	(2,325)	–	(2,325)
Net gain on disposal of subsidiaries	(74,461)	–	–	–	(74,461)	–	(74,461)
Gain on disposal of an associate	(575,455)	–	–	–	(575,455)	–	(575,455)
Loss on disposal of a joint venture	636	–	–	–	636	–	636
Depreciation of property, plant and equipment	86,264	191,006	543	9,465	287,278	468	287,746
Loss (gain) on disposal of property, plant and equipment	(12,894)	–	–	(356)	(13,250)	214	(13,036)
Interest income	(734,183)	(77)	(97)	(8,656)	(743,013)	(18,790)	(761,803)
Finance costs	981,673	3,056	42,411	10,170	1,037,310	170	1,037,480
Share of results of associates	(1,255,767)	–	–	–	(1,255,767)	–	(1,255,767)
Share of results of joint ventures	(169,280)	–	–	–	(169,280)	–	(169,280)
Taxation	1,316,598	10,122	12,500	90,330	1,429,550	96,136	1,525,686

5. Revenue and Segment Information (continued)

Other segment information (continued)

For the year ended 31 December 2015

	Property development RMB'000	Hotel operations RMB'000	Property investment RMB'000	Others RMB'000	Reportable segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:							
Addition to non-current assets (Note)	2,223,475	475,217	1,012	27,681	2,727,385	1,245	2,728,630
Interests in associates	6,646,717	–	–	–	6,646,717	–	6,646,717
Interests in joint ventures	2,979,402	–	–	–	2,979,402	–	2,979,402
Reversal of impairment losses on property, plant and equipment	–	(30,729)	–	–	(30,729)	–	(30,729)
Impairment losses on completed properties for sale	327,120	–	–	–	327,120	–	327,120
Impairment losses on amounts due from an associate and a joint venture	196,619	–	–	–	196,619	–	196,619
Gain from changes in fair value of investment properties	–	–	(40,000)	–	(40,000)	–	(40,000)
Gain on acquisition of a subsidiary	(2,242)	–	–	–	(2,242)	–	(2,242)
Net gain on disposal of subsidiaries	(2,906)	–	–	–	(2,906)	–	(2,906)
Gain on disposal of associates	(2,958)	–	–	–	(2,958)	–	(2,958)
Depreciation of property, plant and equipment	128,971	146,021	2,107	26,369	303,468	732	304,200
Loss (gain) on disposal of property, plant and equipment	(3,780)	–	(1)	274	(3,507)	(30)	(3,537)
Interest income	(572,536)	(86)	(64)	(4,729)	(577,415)	(16,242)	(593,657)
Finance costs	795,347	14,944	42,172	31,662	884,125	1,820	885,945
Share of results of associates	(1,436,026)	–	–	–	(1,436,026)	–	(1,436,026)
Share of results of joint ventures	(231,856)	–	–	–	(231,856)	–	(231,856)
Taxation	1,516,354	8,346	10,000	104,521	1,639,221	35,954	1,675,175

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments, goodwill and deferred tax assets.

6. Other Income

	2016 RMB'000	2015 RMB'000
Interest income on bank balances	**197,126**	119,458
Interest income on amounts due from related parties	**564,677**	474,199
Government grants (note)	**23,819**	9,032
Comprehensive service income	**48,198**	86,577
Dividends from available-for-sale investments	**24,000**	99,570
Others	**119,580**	60,334
	977,400	849,170

Note: These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred non related to any assets.

7. Finance Costs

	2016 RMB'000	2015 RMB'000
Interest on bank and other borrowings	**2,546,965**	2,133,080
Interest on senior notes (Note 27)	**568,782**	783,931
Interest on corporate bonds (Note 28)	**352,148**	111,192
	3,467,895	3,028,203
Less: capitalised in properties under development and construction in progress	**(2,430,415)**	(2,142,258)
	1,037,480	885,945

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 5.9% (2015: 7.3%) per annum to expenditure on the development of properties for sale and for own use.

8. Profit Before Taxation

	2016 RMB'000	2015 RMB'000
Profit before taxation has been arrived at after charging (crediting):		
Salaries and other benefits	**1,877,911**	1,579,536
Retirement benefits scheme contributions	**76,535**	71,495
Staff costs (including directors' emoluments)	**1,954,446**	1,651,031
Less: Capitalised in properties under development	**(489,127)**	(413,572)
	1,465,319	1,237,459
Depreciation of property, plant and equipment	**287,746**	304,200
Less: Capitalised in properties under development	**(6,548)**	(7,955)
	281,198	296,245
Amortisation of prepaid lease payment (included in administrative expenses)	**17,106**	20,585
Auditors' remuneration	**16,731**	11,312
Cost of properties and inventories recognised as an expense	**22,692,302**	20,019,963
Net loss (gain) on disposal of property, plant and equipment	**13,036**	(3,537)

9. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 12 (2015: 15) directors and the chief executive of the Company were as follows:

	SONG Weiping RMB'000	LIU Wensheng[1] RMB'000	SHOU Bainian RMB'000	SUN Guoqiang[2] RMB'000	CAO Zhounan[3] RMB'000	LI Qing'an[4] RMB'000	LI Yongqian[5] RMB'000	ZHU Bixin[6] RMB'000	2016 Total RMB'000
Executive directors									
Fees									
Other emoluments:									
Salaries and other benefits	5,000	1,161	1,200	1,200	4,500	1,500	1,500	48	16,109
Contributions to retirement benefits/pension schemes	85	–	–	–	72	86	86	–	329
Performance relate incentive payments (Note)	4,990	–	3,300	–	4,500	4,000	4,000	–	20,790
Sub-total	10,075	1,161	4,500	1,200	9,072	5,586	5,586	48	37,228

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

9. Directors', Chief Executive's and Employees' Emoluments (continued)

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2016 Total RMB'000
Independent non-executive directors					
Fees	**260**	**260**	**260**	**260**	**1,040**
Other emoluments:					
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/ pension schemes	–	–	–	–	–
Performance relate incentive payments (Note)	–	–	–	–	–
Sub-total	**260**	**260**	**260**	**260**	**1,040**

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

Total	**38,268**

	SONG Weiping RMB'000	ZHU Bixin[6] RMB'000	SHOU Bainian RMB'000	SUN Guoqiang[2] RMB'000	CAO Zhounan[3] RMB'000	LI Qing'an[4] RMB'000	GUO Jiafeng[7] RMB'000	2015 Total RMB'000
Executive directors								
Fees								
Other emoluments:								
Salaries and other benefits	5,000	917	4,500	917	3,440	793	236	15,803
Contributions to retirement benefits/pension schemes	98	–	15	–	50	56	26	245
Performance relate incentive payments (Note)	4,990	–	4,500	–	3,440	–	84	13,014
Sub-total	10,088	917	9,015	917	6,930	849	346	29,062

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

	TSUI Yiu Cheung[8] RMB'000	NG Tin Hoi[9] RMB'000	Zhou Anqiao[10] RMB'000	LIU Wensheng[1] RMB'000	2015 Total RMB'000
Non-executive directors					
Fees	130	61	69	137	397
Other emoluments:					
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/ pension schemes	–	–	–	–	–
Performance relate incentive payments (Note)	–	–	–	–	–
Sub-total	130	61	69	137	397

9. Directors', Chief Executive's and Employees' Emoluments (continued)

The non-executive directors' emoluments shown above were paid for their services as directors of the Company or its subsidiaries.

	JIA Shenghua RMB'000	SZE Tsai Ping, Michael RMB'000	KE Huanzhang RMB'000	HUI Wan Fai RMB'000	2015 Total RMB'000
Independent non-executive directors					
Fees	260	260	260	260	1,040
Other emoluments:					
Salaries and other benefits	–	–	–	–	–
Contributions to retirement benefits/ pension schemes	–	–	–	–	–
Performance relate incentive payments (Note)	–	–	–	–	–
Sub-total	260	260	260	260	1,040

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

Total	30,499

[1] Mr LIU Wensheng was appointed as a non-executive director on 22 June 2015 and had a new appointment as an executive director and a member of the nomination committee of the Company on 15 Jan 2016.

[2] Mr SUN Guoqiang was appointed as an executive director, a member of the investment committee in place of Mr SHOU Bainian and a member of the remuneration committee on 27 March 2015.

[3] Mr CAO Zhounan resigned as an executive director on 27 March 2015 and he was appointed again as an executive director and the chief executive officer of the Company on 22 June 2015.

[4] Mr LI Qing'an was appointed as an executive director on 22 June 2015.

[5] Mr LI Yongqian was appointed as an executive director on 15 January 2016.

[6] Mr ZHU Bixin was appointed as an executive director, co-chairman of the Board and a member of the nomination committee on 27 March 2015 and resigned as an executive director and ceased to be a member of the nomination committee of the Company on 15 January 2016.

[7] Mr GUO Jiafeng resigned as an executive director on 27 March 2015.

[8] Mr Tsui Yiu Cheung resigned as a non-executive director and ceased to be a member of the audit committee and nomination committee of the Company on 1 July 2015.

[9] Mr NG Tin Hoi resigned as a non-executive director and ceased to be a member of remuneration committee and investment committee of the Company on 27 March 2015.

[10] Mr ZHOU Anqiao was appointed as a non-executive director, a vice chairman of the Board and a member of remuneration committee and investment committee in place of Mr NG Tin Hoi on 27 March 2015. He was resigned as an independent non-executive director and ceased to be a vice chairman of the Company and a member of the remuneration committee of the Company on 1 July 2015.

Mr CAO Zhounan was appointed as a Chief Executive Office of the Company in place of Mr SHOU Bainian on 22 June 2015 and their emoluments disclosed above include those for services rendered by them during their respective tenures as the Chief Executive Officer.

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

No directors waived any emoluments in both years.

9. Directors', Chief Executive's and Employees' Emoluments (continued)

Of the five individuals with the highest emoluments in the Group, all of them (2015: two) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining three individuals in 2015 were as follows:

	2016 RMB'000	2015 RMB'000
Salaries and other benefits	–	3,352
Contributions to retirement benefits/pension schemes	–	111
Performance related incentive payments	–	1,337
	–	4,800

The individuals' emoluments were within the following bands:

	2016 No. of employees	2015 No. of employees
HKD1,500,001 to HKD2,000,000	–	2
HKD2,500,001 to HKD3,000,000	–	1

During the year, no emoluments were paid by the Group to any of the 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: nil).

10. Taxation

	2016 RMB'000	2015 RMB'000
Current tax:		
PRC enterprise income tax	**1,086,509**	704,744
LAT	**430,531**	860,606
	1,517,040	1,565,350
Under-provision in prior years:		
PRC enterprise income tax	**788**	747
Deferred tax (note 20):		
Current year	**7,858**	109,078
	1,525,686	1,675,175

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

10. Taxation (continued)

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

	2016 RMB'000	2015 RMB'000
Profit before taxation	**3,748,229**	2,934,671
Tax at the applicable PRC enterprise income tax rate of 25% (2015: 25%)	**937,057**	733,668
Effect of different tax rates	**(43,448)**	(5,594)
Tax effect of share of results of associates	**(313,942)**	(359,007)
Tax effect of share of results of joint ventures	**(42,320)**	(57,964)
Tax effect of income not taxable for tax purposes	**(46,576)**	(89,694)
Tax effect of expenses not deductible for tax purposes	**495,718**	546,790
Under-provision in respect of prior year	**788**	747
Tax effect of impairment losses not recognized	**1,503**	25,380
Tax effect of tax losses not recognised	**178,358**	211,242
Recognition of deferred tax assets on tax losses previously not recognised	**(2,326)**	(833)
Utilisation of tax losses previously not recognised	**(21,366)**	(5,015)
LAT provision for the year	**430,531**	860,606
Tax effect of LAT	**(107,633)**	(215,151)
Tax effect of undistributed profits	**59,342**	30,000
Tax charge for the year	**1,525,686**	1,675,175

Details of deferred taxation for the year ended 31 December 2016 are set out in Note 20.

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all 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 property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5%–3% for ordinary residential properties and 1%–6% for other properties.

For the year ended 31 December 2016, the Group estimated and made a provision for LAT in the amount of RMB430,531,000 (2015: RMB860,606,000), according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

11. Dividends

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2016 (for the six months ended 30 June 2015: RMB nil per ordinary share).

A final dividend of RMB0.12 per ordinary share (2015: RMB nil per ordinary share) for the year ended 31 December 2016 has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

12. Earnings per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2016 **RMB'000**	2015 RMB'000
Profit for the year attributable to the owners of the Company	**1,917,096**	813,206
Distribution related to Perpetual Securities	**(404,051)**	(280,763)
Earnings for the purpose of basic earnings per share	**1,513,045**	532,443
Earnings for the purpose of diluted earnings per share	**1,513,045**	532,443

Number of shares

	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,162,698,548**	2,161,681,120
Effect of dilutive potential ordinary shares:		
Share options	**4,175,486**	5,834,950
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,166,874,034**	2,167,516,070

The computation of 2016 and 2015 diluted earnings per share does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the year.

13. Property, Plant and Equipment

	Hotel buildings RMB'000	Land and buildings RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2015	5,896,788	270,454	90,841	26,478	418,880	352,047	282,496	7,337,984
Additions	797	4,096	10,528	1,746	30,903	21,076	521,268	590,414
Transfer	(46,585)	46,585	–	–	140	–	(140)	–
Disposals	–	–	(4,655)	(3,549)	(16,874)	(29,067)	–	(54,145)
Acquisition of subsidiaries (Note 31)	–	–	–	6	916	10,626	–	11,548
Disposal of subsidiaries	–	(31,822)	(957)	–	(5,970)	(10,486)	–	(49,235)
At 31 December 2015	5,851,000	289,313	95,757	24,681	427,995	344,196	803,624	7,836,566
Additions	–	–	12,788	3,698	55,733	31,677	230,761	334,657
Transfer	–	143,252	–	–	–	–	(143,252)	–
Disposals	–	(9,686)	(4,427)	(3,621)	(31,925)	(40,432)	–	(90,091)
Acquisition of subsidiaries (Note 31)	–	–	–	2,022	–	1,713	4,170	7,905
Disposal of subsidiaries (Note 32)	–	(28,248)	–	–	(1,188)	(27,503)	–	(56,939)
At 31 December 2016	**5,851,000**	**394,631**	**104,118**	**26,780**	**450,615**	**309,651**	**895,303**	**8,032,098**
DEPRECIATION AND IMPAIRMENT								
At 1 January 2015	(540,305)	(78,051)	(61,575)	(17,429)	(211,955)	(212,577)	–	(1,121,892)
Provided for the year	(164,059)	(29,407)	(13,325)	(5,360)	(50,128)	(41,921)	–	(304,200)
Eliminated on disposals	–	–	3,366	710	11,771	24,609	–	40,456
Eliminated on disposal of subsidiaries	–	19,915	516	–	3,697	6,479	–	30,607
Reversal of impairment losses on property, plant and equipment	30,729	–	–	–	–	–	–	30,729
At 31 December 2015	(673,635)	(87,543)	(71,018)	(22,079)	(246,615)	(223,410)	–	(1,324,300)
Provided for the year	(165,400)	(29,039)	(8,484)	(6,257)	(42,491)	(36,075)	–	(287,746)
Eliminated on disposals	–	2,645	2,366	2,662	21,545	35,579	–	64,797
Eliminated on disposal of subsidiaries (Note 32)	–	17,649	–	–	575	5,913	–	24,137
Reversal of impairment losses on property, plant and equipment	37,649	–	–	–	–	–	–	37,649
At 31 December 2016	**(801,386)**	**(96,288)**	**(77,136)**	**(25,674)**	**(266,986)**	**(217,993)**	**–**	**(1,485,463)**
CARRYING VALUES								
At 31 December 2016	**5,049,614**	**298,343**	**26,982**	**1,106**	**183,629**	**91,658**	**895,303**	**6,546,635**
At 31 December 2015	5,177,365	201,770	24,739	2,602	181,380	120,786	803,624	6,512,266

13. Property, Plant and Equipment (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

Hotel buildings	Over the shorter of the term of the land use rights or 40 years
Land and buildings	Over the shorter of the term of the land use rights or 20 years
Leasehold improvements	Over the shorter of the lease term or five years
Machinery	10% to $33^1/_3$%
Furniture, fixtures and equipment	10% to $33^1/_3$%
Transportation equipment	10% to 20%

Details of the hotel buildings, land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in Note 36.

In view of the improving performance of the hotel operations, the Group engaged DTZ Cushman & Wakefield Limited to update their review of the Group's hotel buildings as at 31 December 2015 and as a result an impairment loss of RMB30,729,000 of a hotel building was reversed in 2015 in respect of hotel buildings based on their value in use.

In view of the improving performance of the hotel operations, the Group engaged DTZ Cushman & Wakefield Limited to update their review of the Group's hotel buildings as at 31 December 2016 and as a result an impairment loss of RMB37,649,000 of hotel buildings was reversed during the year in respect of hotel buildings based on their value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The discount rate used in measuring value in use was 9% (2015: 9%).

14. Investment Properties

	RMB'000
FAIR VALUE	
At 1 January 2015	1,891,500
Unrealised gain on property revaluation included in profit or loss	40,000
At 31 December 2015	1,931,500
Unrealised gain on property revaluation included in profit or loss	50,000
At 31 December 2016	1,981,500

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment property at 31 December 2016 and 2015 have been arrived at on the basis of a valuation carried out on that date by DTZ Cushman & Wakefield Limited .

14. Investment Properties (continued)

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

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statements of financial positions	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
Serviced apartments in Beijing RMB1,950,000,000 (2015: RMB1, 900,000,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent.	Reversionary yield, taking into account the annual rental income potential and unit market value of the comparable properties, of 7.5% (2015: 7.5%) for serviced apartments and 8.0% (2015:8.0%) for auxiliary retail area.	The higher the reversionary yield, the lower the fair value.
			Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.
Commercial property in Hangzhou RMB31,500,000 (2015: RMB31,500,000)	Level 3	Investment approach The Key inputs are: 1. Reversionary yield; and	Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2015:6.5%).	The higher the reversionary yield, the lower the fair value.
		2. Market unit rent.	Market unit rent, using direct market comparables and taking into account of similar character, location and sizes.	The higher the market unit rent, the higher the fair value.

Significant increases/(decreases) in the reversionary yield in isolation would result in a significantly lower/(higher) fair value of the investment properties. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

There was no transfer into or out of Level 3 during the year.

15. Goodwill

Cost

	2016 RMB'000	2015 RMB'000
At 1 January	**769,241**	–
Arising on acquisition of subsidiaries (Note 31)	**–**	769,241
At 31 December	**769,241**	769,241

The goodwill held by the Group as at 31 December 2016 arose on the acquisition of subsidiaries Greentown Shidai Urban Construction Development Co., Ltd. ("Greentown Shidai"); and Greentown Real Estate Construction Management Group Co., Ltd ("Greentown Construction Management Group") (the former name "Greentown Dingyi Real Estate Investment Management Group Co., Ltd.") in 2015. The detailed information is disclosed in the Group's 2015 consolidated financial statements.

Goodwill arose in the acquisition of Greentown Shidai and Greentown Construction Management Group because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development of Greentown Shidai and Greentown Construction Management Group. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impairment test on goodwill

For the purposes of impairment testing, goodwill set out above has been allocated to one cash generating unit (CGU). During the year ended 31 December 2016, the director considered that there is no impairment of CGU containing goodwill.

The basis of recoverable amount of the CGU and its major underlying assumptions is summarised below:

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and discount rate of 12.5% (2015: 12.5%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the construction operations carrying amount to exceed its recoverable amount.

16. Interests in Associates

	2016 RMB'000	2015 RMB'000
Cost of unlisted investments in associates	**5,790,909**	6,561,520
Share of post-acquisition profits, net of dividends received	**1,314,948**	85,197
	7,105,857	6,646,717

No associate was individually material to the Group for the year.

16. Interests in Associates (continued)

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

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2016	2015	
浙江中青旅綠城投資置業有限公司 Zhejiang Zhongqinglv Greentown Real Estate Investment Co., Ltd. ("Zhejiang Zhongqinglv")	RMB200,000,000	**49%** **(i)**	49% (i)	Investment holding and consulting
慈溪綠城投資置業有限公司 Cixi Greentown Real Estate Investment Co., Ltd. ("Cixi Greentown")	RMB98,000,000	**49%** **(i)**	49% (i)	Real estate development
穎澤投資有限公司 Green Magic Investments Limited ("Green Magic")	HKD1,500,000,000	**40%** **(ii)**	40% (ii)	Investment holding
大連九龍倉綠城置業有限公司 Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf Greentown")	USD434,000,000	**40%** **(ii)**	40% (ii)	Real estate development
杭州濱綠房地產開發有限公司 Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv")	RMB1,389,140,188	**50%** **(iii)**	50% (iii)	Real estate development
上海浙鐵綠城房地產開發有限公司 Shanghai Zhetie Greentown Real Estate Development Co., Ltd.	RMB50,000,000	**38%**	38%	Real estate development
寧波都市房產開發有限公司 Ningbo Dushi Real Estate Development Co., Ltd.	USD200,000,000	**49%**	49%	Real estate development
杭州余杭綠城九洲房地產開發有限公司 Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd.	RMB85,000,000	**35%**	35%	Real estate development
杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd.	RMB50,000,000	**45%**	45%	Real estate development
紹興金綠泉置業有限公司 Shaoxing Jinlvquan Real Estate Co., Ltd.	RMB580,000,000	**35%**	35%	Real estate development
濟南海爾綠城置業有限公司 Jinan Haier Greentown Real Estate Co., Ltd.	RMB200,000,000	**45%**	45%	Real estate development

16. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group		Principal activities
		2016	2015	
台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd.	RMB300,000,000	**49%**	49%	Real estate development
浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**38%**	38%	Real estate development
杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd.	RMB1,965,500,000	**30%**	30%	Real estate development
杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd.	RMB100,000,000	**25%**	25%	Real estate development
杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd.	RMB100,000,000	**33%**	33%	Real estate development
北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd.	RMB50,000,000	**49%**	49%	Real estate development
杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd.	RMB1,860,180,000	**40%**	40%	Real estate development
杭州綠城金久房地產開發有限公司 Hangzhou Greentown Jinjiu Real Estate Development Co., Ltd.	RMB100,000,000	**40%**	40%	Real estate development
上海青蓮房地產開發有限公司 Shanghai Qinglian Real Estate Development Co., Ltd.	RMB50,000,000	**20%**	20%	Real estate development
溫州綠城發展房地產開發有限公司 Wenzhou Greentown Development Real Estate Development Co., Ltd.	RMB200,000,000	**40%**	40%	Real estate development

16. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2016	2015	Principal activities
大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd.	RMB160,000,000	**30%**	30%	Real estate development
山東高速綠城萊蕪雪野湖開發有限公司 Shandong Gaosu Greentown Laiwu Xueyehu Development Co., Ltd.	RMB50,000,000	**49%**	49%	Real estate development
山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd.	RMB50,000,000	**39%**	39%	Real estate development
信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd.	RMB50,000,000	**20%**	20%	Real estate development
青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd.	RMB2,000,000,000	**40%**	40%	Real estate development
義烏浙鐵綠城房地產開發有限公司 Yiwu Zhetie Greentown Real Estate Development Co., Ltd.	RMB200,000,000	**35%**	35%	Real estate development
杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd.	RMB200,000,000	**30%**	30%	Real estate development
杭州地鐵武林置業有限公司 Hangzhou Metro Wulin Real Estate	RMB20,000,000	**45%**	45%	Real estate development
杭州安景置業有限公司 Hangzhou Anjing Real Estate	RMB100,000,000	**25%**	25%	Real estate development
中投發展有限責任公司 China Investment Development Co., Ltd. (“China Investment Development”)	RMB2,000,000,000	**-** **(iv)**	24%	Infrastructure construction and investment holding

16. Interests in Associates (continued)

Name of associate	Registered capital	Proportion of ownership interest/voting rights held by the Group 2016	2015	Principal activities
奉化綠城房地產開發有限公司 Fenghua Greentown Real Estate Development Co., Ltd. ("Fenghua Greentown")	RMB100,000,000	– (v)	31%	Real estate development
台州浙信綠城房地產開發有限公司 Taizhou Zhexin Greentown Real Estate Development Co., Ltd. ("Taizhou Zhexin")	RMB20,000,000	– (vi)	40%	Real estate development

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Cixi Greentown is a subsidiary of Zhejiang Zhongqinglv.

(ii) Dalian Wharf Greentown is a subsidiary of Green Magic.

(iii) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.

(iv) On 21 November 2016, the Group entered into a framework agreement to dispose of 24% equity interest in China Investment Development, an infrastructure construction and investment holding company to an independent third party, for a total cash consideration of approximately RMB684,255,000. The disposal was completed on 6 December 2016 and the gain on disposal of approximately RMB575,455,000 was recognised by the Group.

(v) Fenghua Greentown became an 80% owned subsidiary of the Group in 2016 and the Group previously held a 31% equity interest in Fenghua Greentown. For details, please refer to Note 31.

(vi) Taizhou Zhexin was liquidated in 2016.

Aggregate information of associates that are not individually material:

	2016 RMB'000	2015 RMB'000
Group's share of total profit for the year	1,255,767	1,436,026
Aggregate carrying amount of the Group's interest in these associates	7,105,857	6,646,717

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

	2016 RMB'000	2015 RMB'000
Unrecognised share of losses of associates for the year	65,604	4,835
Accumulated unrecognised share of losses of associates	152,970	87,366

17. Interests in Joint Ventures

	2016 RMB'000	2015 RMB'000
Cost of unlisted investments in joint venture	**2,884,657**	2,892,027
Share of post-acquisition profits, net of dividends received	**173,713**	87,375
	3,058,370	2,979,402

As at 31 December 2016 and 2015, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group 2016	2015	Principal activities
浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd. ("Zhejiang Lvxi Group")	RMB100,000,000	**50%** **(i)**	50% (i)	Investment holding, real estate development and business consulting
浙江鐵投綠城投資有限公司 Zhejiang Tietou Greentown Investment Co., Ltd. ("Zhejiang Tietou Greentown Investment")	RMB80,000,000	**50%** **(ii)**	50% (ii)	Investment holding
浙江鐵投綠城房地產開發有限公司 Zhejiang Tietou Greentown Real Estate Development Co., Ltd. ("Zhejiang Tietou Greentown Real Estate")	RMB80,000,000	**50%** **(ii)**	50% (ii)	Real estate development
盈高有限公司 Profit Pointer Limited	HKD10,000	**50%** **(iii)**	50% (iii)	Investment holding
瀋陽全運村建設有限公司 Shenyang National Games Project Co., Ltd. ("Shenyang National Games")	USD290,000,000	**50%** **(iii)**	50% (iii)	Real estate development
紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye")	RMB100,000,000	**51%** **(iv)**	51% (iv)	Real estate development
山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng")	RMB200,000,000	**49%** **(v)**	49% (v)	Real estate development

17. Interests in Joint Ventures (continued)

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group 2016	2015	Principal activities
杭州綠城中勝置業有限公司 Hangzhou Greentown Zhongsheng Real Estate Co., Ltd. ("Greentown Zhongsheng")	RMB100,000,000	**55% (vi)**	55% (vi)	Real estate development
余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd. ("Yuyao Greentown")	RMB99,000,000	**47% (vii)**	47% (vii)	Real estate development
舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Co., Ltd. ("Zhoushan Greentown Haisheng")	RMB100,000,000	**51% (viii)**	51% (viii)	Real estate development
天津綠城全運村建設開發有限公司 Tianjin National Games Project Co., Ltd. ("Tianjin National Games")	RMB2,500,000,000	**41% (ix)**	41% (ix)	Real estate development
浙江金盈置業有限公司 Zhejiang Jinying Real Estate Co., Ltd.	RMB400,000,000	**50%**	50%	Real estate development
海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd.	RMB20,000,000	**50%**	50%	Real estate development
杭州綠城北秀置業有限公司 Hangzhou Greentown Beixiu Real Estate Co., Ltd.	RMB50,000,000	**50%**	50%	Real estate development
杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd.	USD50,000,000	**50%**	50%	Real estate development
德清莫干山樂城置業有限公司 Deqing Moganshan Lecheng Real Estate Co., Ltd.	RMB100,000,000	**50%**	50%	Real estate development
杭州綠城鳳起置業有限公司 Hangzhou Greentown Fengqi Real Estate Co., Ltd. ("Hangzhou Fengqi")	RMB50,000,000	**50% (x)**	–	Real estate development

17. Interests in Joint Ventures (continued)

Name of joint venture	Registered capital	Proportion of ownership interest/voting rights held by the Group 2016	2015	Principal activities
嵊州綠城越劇小鎮投資有限公司 Shengzhou Greentown Shaoxing opera Town Investment Co., Ltd. ("Shengzhou Shaoxing Opera Town")	RMB100,000,000	**33%** **(x)(xi)**	–	Real estate development
臨安西子房地產開發有限公司 Lin'an Xizi Real Estate Development Co., Ltd. ("Lin'an Xizi")	RMB100,000,000	**–** **(i)**	50%	Real estate development

The above table lists the joint venture of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) Lin'an Xizi was a subsidiary of Zhejiang Lvxi Group. In 2016, Zhejiang Lvxi Group disposed of its 100% equity interest in Lin'an Xizi to an independent third party.

(ii) Zhejiang Tietou Greentown Real Estate is a subsidiary of Zhejiang Tietou Greentown Investment.

(iii) Shenyang National Games is a subsidiary of Profit Pointer Limited.

(iv) Three out of five directors of Shaoxing Greentown Baoye are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Shaoxing Greentown Baoye is accounted for as a joint venture of the Group.

(v) Two out of five directors of Shandong Dongcheng are appointed by the Group and the remaining three directors by the other equity holder, while a valid board resolution requires four-fifths of the total votes. Decisions about relevant activities of Shandong Dongcheng require unanimous consent from the Group and the other equity holder. Therefore, Shandong Dongcheng is accounted for as a joint venture of the Group.

(vi) Three out of five directors of Greentown Zhongsheng are appointed by the Group and the remaining two directors by the other equity holder, while a valid board resolution requires four-fifths approval from the directors. Decisions about relevant activities of Greentown Zhongsheng require unanimous consent from the Group and the other equity holders. Therefore, Greentown Zhongsheng is accounted for as a joint venture of the Group.

(vii) Two out of five directors of Yuyao Greentown are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Yuyao Greentown is accounted for as a joint venture of the Group.

(viii) Three out of five directors of Zhoushan Greentown Haisheng are appointed by the Group, while decisions about relevant activities of Zhoushan Greentown Haisheng require unanimous consent from the Group and the other equity holders. Therefore, Zhoushan Greentown Haisheng is accounted for as a joint venture of the Group.

(ix) Three out of seven directors of Tianjin National Games are appointed by the Group, and other three and one directors of Tianjin National Games are appointed by Tianjin Sunac Ao Cheng Investment Co., Ltd and the independent third party respectively. A valid board resolution requires two-third approval from the directors, therefore, the Group and Tianjin Sunac Ao Cheng Investment Co., Ltd jointly control Tianjin National Games. Hence, Tianjin National Games is accounted for as a joint venture of the Group.

(x) Hangzhou Fengqi and Shengzhou Shaoxing Opera Town were newly established in 2016.

(xi) Two out of five directors of Shengzhou Shaoxing Opera Town are appointed by the Group, while a valid board resolution requires two-third above approval from all directors. Decisions about relevant activities of Shengzhou Shaoxing Opera Town require unanimous consent from the Group and the other equity holders. Therefore, Shengzhou Shaoxing Opera Town is accounted for as a joint venture of the Group.

17. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Joint venture Company A

	2016 RMB'000	2015 RMB'000
Current assets	**18,994,744**	10,702,957
Non-current assets	**58,784**	18,883
Current liabilities	**15,090,221**	5,584,006
Non-current liabilities	**1,630,000**	2,686,264

The above amounts of assets and liabilities include the following:

	2016 RMB'000	2015 RMB'000
Cash and cash equivalents	**3,473,203**	1,042,651
Current financial liabilities (excluding trade and other payables and provisions)	**–**	1,892,000
Non-current financial liabilities (excluding trade and other payables and provisions)	**1,630,000**	2,686,264

	2016 RMB'000	2015 RMB'000
Revenue	**–**	–
Loss for the year	**(118,263)**	(48,163)

17. Interests in Joint Ventures (continued)

Summarised financial information of material joint ventures (continued)

Joint venture Company A (continued)

The above profit (loss) for the year includes the following:

	2016 RMB'000	2015 RMB'000
Depreciation and amortisation	**502**	88
Interest income	**–**	–
Income tax expense	**(39,421)**	(16,054)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2016 RMB'000	2015 RMB'000
Net assets of Joint venture Company A	**2,333,307**	2,451,570
Proportion of the Group's ownership interest in Joint venture Company A	**41%**	41%
Other adjustments (note)	**198,420**	206,091
Carrying amount of the Group's interest in Joint venture Company A	**1,150,409**	1,206,332

Note: The investment cost in the Joint venture Company A injected by the Group accounts for 51% of the registered capital of Joint venture Company A.

Aggregate information of joint ventures that are not individually material

	2016 RMB'000	2015 RMB'000
Group's share of profit (loss) for the year	**217,531**	252,669

The Group has discontinued recognition of its share of losses of certain joint ventures as its share of losses of those joint ventures equals or exceeds its interests in those joint ventures. The amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

	2016 RMB'000	2015 RMB'000
Unrecognised share of losses of joint ventures for the year	**288,008**	431,238
Accumulated unrecognised share of losses of joint ventures	**1,157,716**	869,709

18. Available-For-Sale Investments

Available-for-sale investments comprise:

	2016 RMB'000	2015 RMB'000
Equity securities listed in Hong Kong, at fair value	**326,743**	–
Unlisted equity securities, at cost	**190,058**	162,289
	516,801	162,289

The above unlisted equity securities were issued by private entities established in the PRC. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

19. Prepaid Lease Payment

	2016 RMB'000	2015 RMB'000
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	**21,413**	20,502
Non-current asset	**662,981**	659,487
	684,394	679,989

20. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Temporary differences on revenue recognition and related cost of sales RMB'000	Impairment losses RMB'000	Tax losses RMB'000	Fair value adjustments RMB'000	LAT provision RMB'000	Undistributed profits RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015	195,635	85,385	175,969	(228,643)	646,799	(547,184)	(15,958)	312,003
(Charge) credit to profit or loss	(14,512)	92,102	69,093	37,527	(140,712)	(30,000)	(122,576)	(109,078)
Acquisition of subsidiaries (Note 31)	–	–	60,087	(3,695,391)	55,502	–	–	(3,579,802)
Disposal of subsidiaries	–	–	(3,897)	–	(47,450)	–	–	(51,347)
At 31 December 2015	181,123	177,487	301,252	(3,886,507)	514,139	(577,184)	(138,534)	(3,428,224)
(Charge) credit to profit or loss	(20,700)	(32,044)	109,380	(22,981)	29,845	5,000	(76,358)	(7,858)
Acquisition of subsidiaries (Note 31)	–	–	31,119	(24,144)	–	–	–	6,975
Disposal of subsidiaries (Note 32)	–	–	(3,964)	–	–	–	(6,923)	(10,887)
At 31 December 2016	**160,423**	**145,443**	**437,787**	**(3,933,632)**	**543,984**	**(572,184)**	**(221,815)**	**(3,439,994)**

20. Deferred Taxation (continued)

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from accelerated tax depreciation and capitalised interest expense.

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2016	2015
	RMB'000	RMB'000
Deferred tax assets	**1,304,716**	1,201,769
Deferred tax liabilities	**(4,744,710)**	(4,629,993)
	(3,439,994)	(3,428,224)

At the end of the reporting period, the Group had deductible temporary differences of RMB7,587,000 (2015: RMB101,520,000). No deferred tax asset has been recognized in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unutilised tax losses of RMB4,249,938,000 (2015: RMB3,339,956,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB1,751,141,000 (2015: RMB1,205,010,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB2,498,797,000 (2015: RMB2,134,946,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2016	2015
	RMB'000	RMB'000
2016	**–**	174,482
2017	**371,426**	377,682
2018	**454,338**	489,323
2019	**234,609**	250,544
2020	**842,389**	842,915
2021	**596,035**	–
	2,498,797	2,134,946

Based on the latest budgets, management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB15,593,935,000 (31 December 2015: RMB13,200,973,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

21. Properties for Development

Included in properties for development as at 31 December 2016 is an amount of RMB3,618,857,000 (2015: RMB6,202,964,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

22. Properties under Development

	2016 RMB'000	2015 RMB'000
Long-term leasehold land – at cost	**39,293,712**	27,212,632
Development costs	**15,929,601**	16,457,895
Finance costs capitalised	**6,262,358**	5,101,762
	61,485,671	48,772,289

Properties under development for sale amounting RMB44,637,779,000 (2015: RMB37,987,338,000) are expected to be recovered after more than 12 months from the end of the reporting period.

23. Other Current Assets

Trade and Other Receivables, Deposits and Prepayments

	2016 RMB'000	2015 RMB'000
Trade receivables	**851,742**	600,621
Less: allowance for doubtful debts	**(9,873)**	–
Trade receivables, net of allowance for doubtful debts	**841,869**	600,621
Other receivables, net of allowance for doubtful debts	**3,824,326**	2,947,895
Prepayments and deposits	**1,604,529**	706,865
Consideration receivables from disposal of a subsidiary and an associate	**33,150**	63,150
	6,303,874	4,318,531

The Group allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivable is stated below.

	2016 RMB'000	2015 RMB'000
Within 90 days	**607,946**	302,171
91–180 days	**79,654**	85,883
181–365 days	**44,202**	74,208
Over 365 days	**119,940**	138,359
Trade receivables	**851,742**	600,621

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB235,984,000 (31 December 2015: RMB298,450,000) which are past due as at the reporting date for which the Group has not provided for impairment. Most of the Group's customers from property sales take out mortgages from banks to buy their properties. Should a customer fail to obtain a mortgage and honour the property sale and purchase agreement between himself and the Group, the Group has the right to revoke the agreement, reclaim the property and re-sell it in the market, thus the Group's exposure to credit risk from property sales related trade receivables is limited. In determining the recoverability of non-property sales related trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted to the customer up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Before accepting any customers, the Group uses an internal credit assessment system to assess the potential customers' credit quality and considers adequate allowance has been made at the end of the reporting period. Balances which are neither past due nor impaired are all with good credit quality and the Group does not notice any significant changes in the credit quality of its trade receivables, thus the amounts are considered to be recoverable.

23. Other Current Assets (continued)

Trade and Other Receivables, Deposits and Prepayments (continued)

Aging of trade receivables which are past due but not impaired:

	2016 RMB'000	2015 RMB'000
91–180 days	**76,921**	85,883
181–365 days	**43,059**	74,208
Over 365 days	**116,004**	138,359
	235,984	298,450

The Group made allowance for doubtful debts for trade receivables amounted to RMB10,996,000 (2015: RMB nil) and write off of allowance due to disposal of subsidiaries amounted to RMB1,123,000 (2015: RMB nil) during the year. The Group also made allowance for doubtful debts for other receivables amounted to RMB14,787,000 (2015: RMB nil) and write off of allowance due to disposal of subsidiaries amounted to RMB13,603,000 (2015: RMB nil) during the year.

Included in other receivables were advances to third parties of RMB1,544,804,000 (2015: RMB1,449,716,000) as at 31 December 2016. The advances are interest free, unsecured and expected to be recovered within one year except for RMB290,548,000 (2015: RMB375,844,000) which carries interest at 7% to 14.5% (2015: 7% to 14.5%) per annum, is unsecured and is expected to be recovered within one year. The advances comprise mainly earnest money for potential projects. The Group has concentration of credit risk as 49% (2015: 43%) of the total advances to third parties was due from the five largest counterparties. The Group does not notice any significant changes in the credit quality of its advances to third parties and the amounts are considered to be recoverable.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

Bank balances and cash/pledged bank deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.3% to 2.5% (2015: 0.3% to 2.5%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2.75% (2015: 0.3% to 2.75%) per annum.

As at 31 December 2016, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB24,185,074,000 (2015: RMB16,854,677,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	HKD RMB'000	USD RMB'000
As at 31 December 2016	**296,908**	**488,678**
As at 31 December 2015	108,294	1,275,708

24. Disposal Group Classified as Held for Sale

On 25 December 2015, the Group entered into an equity transfer agreement to dispose to an independent third party of (i) 100% equity interest in Beijing Greentown Yinshi Real Estate Co., Ltd. ("Beijing Yinshi"), a 100%-owned subsidiary of the Group; and (ii) the shareholder's loan made to Beijing Yinshi by the Group; and (iii) other liabilities for a total cash consideration of RMB1,950,000,000. At 31 December 2015, the Group has received RMB858,000,000 according to the equity transfer agreement.

As at 31 December 2016, the disposal of Beijing Yinshi has been cancelled after agreement with the independent third party. As such, the assets and liabilities attributable to Beijing Yinshi that are expected to be sold have been re-consolidated from the disposal groups held for sale. The Group accordingly returned the consideration receipt in advance along with a financing fee in accordance with the terms of the equity transfer agreement.

The major classes of assets and liabilities classified as held for sale are as follows:

	2015 RMB'000
Property, plant and equipment	57
Properties for development	748,079
Trade and other receivables deposits and prepayments	78
Bank balances and cash	71,087
Assets classified as held for sale	819,301
Trade and other payables	312,340
Liabilities associated with assets classified as held for sale	312,340

25. Trade and Other Payables

The aged analysis of trade payables is stated as follows:

	2016 **RMB'000**	2015 RMB'000
Within 180 days	**9,716,820**	8,072,246
181–365 days	**1,168,557**	2,342,294
Over 365 days	**1,141,925**	1,128,615
Trade payables	**12,027,302**	11,543,155
Other payables and accrued expenses	**5,085,266**	6,230,768
Receipt in advance for a subsidiary held for sale (Note 24)	**–**	858,000
Consideration payables on acquisition and partial acquisition of subsidiaries	**177,877**	122,201
	17,290,445	18,754,124

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

26. Bank and Other Borrowings

	2016 RMB'000	2015 RMB'000
Secured bank loans (Note 36)	**24,800,692**	16,099,303
Unsecured bank loans	**7,039,833**	6,971,180
	31,840,525	23,070,483
Secured other loans (Note 36)	**3,340,788**	2,875,474
Unsecured other loans	**840,000**	1,488,786
	4,180,788	4,364,260
	36,021,313	27,434,743

	2016 RMB'000	2015 RMB'000
Carrying amount repayable*:		
Within one year	**10,037,318**	12,540,078
More than one year, but not exceeding two years	**13,083,398**	7,937,138
More than two years, but not exceeding three years	**9,164,006**	2,501,146
More than three years, but not exceeding four years	**937,728**	1,791,131
More than four years, but not exceeding five years	**494,000**	875,750
More than five years	**2,304,863**	1,789,500
	36,021,313	27,434,743
Less: Amounts due within one year shown under current liabilities	**(10,037,318)**	(12,540,078)
Amounts shown under non-current liabilities	**25,983,995**	14,894,665

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Bank and other borrowings can be further analysed as follows:

	2016 RMB'000	2015 RMB'000
Fixed-rate	**19,888,388**	10,973,296
Variable-rate	**16,132,925**	16,461,447
	36,021,313	27,434,743

26. Bank and Other Borrowings (continued)

Interest on variable-rate bank and other borrowings is based on:

	2016 **RMB'000**	2015 RMB'000
The People's Bank of China benchmark rate	**7,200,636**	10,609,285
London Interbank Offered Rate	**8,932,289**	5,852,162
	16,132,925	16,461,447

The average effective interest rates were as follows:

	2016	2015
Bank loans	**5.46%**	6.43%
Other loans	**8.83%**	10.24%

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	USD RMB'000
As at 31 December 2016	**8,932,289**
As at 31 December 2015	5,852,162

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

	2016 **RMB'000**	2015 RMB'000
Secured bank loans:		
Non-controlling shareholders of subsidiaries	**2,025,000**	980,000
Independent third parties	–	1,391,420
Unsecured bank loans:		
Non-controlling shareholders of subsidiaries	–	225,000
Independent third parties	–	209,000

27. Senior Notes

2018 USD Notes – Unsecured

On 4 February 2013, the Company issued senior notes with an aggregate principal amount of USD400,000,000 at 100% of face value (the “2018 USD Notes”), which are listed on the Stock Exchange. The 2018 USD Notes carry interest at the rate of 8.5% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD394,626,000 (approximately RMB2,480,617,000). The 2018 USD Notes will mature on 4 February 2018.

On 26 March 2013, the Company issued additional USD senior notes with an aggregate principal amount of USD300,000,000 at 102.5% of face value plus accrued interest that were consolidated and formed a single series with the 2018 USD Notes. These additional USD senior notes are listed on the Stock Exchange and carry the same terms and conditions as the 2018 USD Notes. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD308,515,000 (approximately RMB1,934,851,000).

The principal terms of the 2018 USD Notes are disclosed in the Group’s 2013 consolidated financial statements.

On 11 August 2015, the Company has exchanged USD139,034,000 of the principal amount of 2018 USD Notes (approximately RMB850,360,000), representing approximately 19.86% of the total aggregate principal amount of 2018 USD Notes outstanding with new 2020 USD Notes. After repurchase and cancellation of the exchanged notes, USD560,966,000 (approximately RMB3,430,980,000) of the aggregate principal amount of the 2018 USD Notes remained outstanding.

The 2018 USD Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 8.5% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract.

On 31 May 2016, the Company exercised the early redemption option and redeemed the 2018 USD Notes with an outstanding principal of USD560,966,000 (approximately RMB3,677,244,000) in full at a premium (together with the accrued and unpaid interest from 4 February 2016 to (but excluding) 31 May 2016).

The movements of 2018 USD Notes during the year are set out below:

	RMB’000
At 1 January 2016	3,641,596
Exchange realignment	34,999
Interest charged during the year	130,213
Interest paid/payable during the year	(129,564)
Principal repaid during the year	(3,677,244)
At 31 December 2016	–

27. Senior Notes (continued)

RMB Notes – Unsecured

On 13 May 2013, the Company issued senior notes with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the "RMB Notes"), which are listed on the Stock Exchange. The RMB Notes carry interest at the rate of 5.625% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately RMB2,475,911,000.

The principal terms of RMB Notes are disclosed in the Group's 2013 consolidated financial statements.

On 13 May 2016, the RMB Notes were matured and Company redeemed the RMB Notes in full.

The movements of RMB Notes during the year are set out below:

	RMB'000
At 1 January 2016	2,497,056
Interest charged during the year	54,892
Interest paid/payable during the year	(51,948)
Principal repaid during the year	(2,500,000)
At 31 December 2016	–

The Company entered into cross currency swap contracts with various banks in relation to the RMB Notes and those contracts were also matured in May 2016. The fair value changes on such cross currency swaps were amounted to approximately RMB55,547,000 during the year.

2019 USD Notes – Unsecured

On 24 September 2013, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the "2019 USD Notes"), which are listed on the Stock Exchange. The 2019 USD Notes carry interest at the rate of 8.0% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD296,947,000 (approximately RMB1,826,138,000). The 2019 USD Notes will mature on 24 March 2019.

The principal terms of 2019 USD Notes are disclosed in the Group's 2013 consolidated financial statements.

On 10 February 2015, the Company issued additional senior notes with an aggregate principal amount of USD200,000,000 at 96.61% of face value plus accrued interest that were consolidated and formed a single series with the 2019 USD Notes. This additional USD senior notes are listed on the Stock Exchange and carry the same terms and conditions as the 2019 USD Notes. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD191,817,000 (approximately RMB1,175,321,000).

On 11 August 2015, the Company has exchanged USD263,459,000 (approximately RMB1,611,368,000) of the principal amount of 2019 USD Notes, representing approximately 52.69% of the total aggregate principal amount of 2019 USD Notes outstanding with new 2020 USD Notes. After repurchase and cancellation of the exchanged notes, USD236,541,000 (approximately RMB1,446,732,000) of the aggregate principal amount of the 2019 USD Notes remain outstanding.

27. Senior Notes (continued)

2019 USD Notes – Unsecured (continued)

The 2019 USD Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 8% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is RMB48,602,000 on 31 December 2016 (2015: RMB49,721,000).

The movements of 2019 USD Notes during the year are set out below:

	RMB'000
At 1 January 2016	1,482,475
Exchange realignment	103,631
Interest charged during the year	142,595
Interest paid/payable during the year	(127,311)
At 31 December 2016	**1,601,390**

2020 USD Notes – Unsecured

On 11 August 2015, the Company issued senior notes with an aggregate principal amount of USD500,000,000, comprised of (i) notes in the aggregate principal amount of USD429,698,000 (the "New Notes") which were issued pursuant to the exchange offer memorandum dated 20 July 2015 in relation to the exchange of the 2018 USD Notes and the 2019 USD Notes into new USD senior notes due 2020 and (ii) notes in the aggregate principal amount of USD70,302,000 (the "Additional New Notes") which formed a single series with and have the same terms and conditions as the new USD senior notes due 2020 (collectively, the "2020 USD Notes").

The 2020 USD Notes were issued at 100% of face value and carried interest at the rate of 5.875% per annum payable semi-annually in arrears. The net proceed raised from the Additional New Notes, after deducting subscription discounts for odd lot of notes and subtracting expenses related to the issuance of the 2020 USD Notes, was approximately USD62,861,000 (approximately RMB391,611,000). The 2020 USD Notes will mature on 11 August 2020.

The principal terms of 2020 USD Notes are disclosed in the Group's 2015 consolidated financial statements.

27. Senior Notes (continued)

2020 USD Notes – Unsecured (continued)

The 2020 USD Notes contain a liability component and an early redemption option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 5.875% per annum to the liability component since the senior notes were issued.

(ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is RMB108,098,000 on 31 December 2016 (2015: RMB59,308,000).

The movements of 2020 USD notes during the year are set out below:

	RMB'000
At 1 January 2016	3,039,446
Exchange realignment	213,341
Interest charged during the year	241,082
Interest paid/payable during the year	(198,814)
At 31 December 2016	**3,295,055**

The summary of movements of all senior notes during the year is set out below:

	RMB'000
At 1 January 2016	10,660,573
Fair value at the dates of issuance	
Exchange realignment	351,971
Interest charged during the year	568,782
Interest paid/payable during the year	(507,637)
Principal repaid during the year	(6,177,244)
At 31 December 2016	**4,896,445**

All of the senior notes contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. The directors consider that the fair value of the early redemption options is RMB156,700,000 on 31 December 2016 (2015: RMB257,994,000).

28. Corporate Bonds

On 28 August 2015, Greentown Real Estate Group Co., Ltd ("Greentown Real Estate") (the "Issuer"), a wholly-owned subsidiary of the Company, issued the first tranche of corporate bonds with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "First Bonds") which are listed on Shanghai Stock Exchange. The First Bonds carry interest at the rate of 4.7% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,952,000,000. The First Bonds will mature on 27 August 2020.

On 18 September 2015, the Issuer issued the second tranche of the corporate bonds in an aggregate principal amount of RMB4,000,000,000 at 100% of face value comprising (i) RMB2,000,000,000 with a term of five years and an annual coupon rate of 4.4% (the "Five-year Bonds"), and (ii) RMB2,000,000,000 with a term of seven years and an annual coupon rate of 5.16% (the "Seven-year Bonds", together with the Five-year Bonds, the "Second Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB3,940,000,000. The Five-year Bonds will mature on 16 September 2020. The Seven-year Bonds will mature on 16 September 2022.

The Issuer shall be entitled to unconditionally adjust the coupon rate and the investors shall be entitled to unconditionally sell back the First Bonds and Five-year Bonds both at the end of the third year and the Seven-year Bonds at the end of the fifth year, respectively.

The principal terms of corporate bonds are disclosed in the Group's 2015 consolidated financial statements.

The corporate bonds contain a liability component and a written put option:

(i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 4.76% per annum to the liability component since the corporate bonds were issued.

(ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 31 December 2016, the Group has had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the year were calculated using the original coupon rates of the corporate bonds.

The movements of corporate bonds during the year are set out below:

	RMB'000
At 1 January 2016	6,898,467
Interest charged during the year	352,148
Interest paid/payable during the year	(334,325)
At 31 December 2016	**6,916,290**

29. Share Capital

	Number of shares	Share capital HKD'000
Authorised		
Ordinary shares of HKD0.10 each At 31 December 2015 and 2016	10,000,000,000	1,000,000
Issued and fully paid		
Ordinary shares of HKD0.10 each At 1 January 2015	2,160,947,690	216,095
Exercise of share options	1,472,000	147
At 31 December 2015	2,162,419,690	216,242
Exercise of share options	775,500	78
At 31 December 2016	**2,163,195,190**	**216,320**

	RMB'000
Shown on the consolidated statement of financial position	
As at 31 December 2016	**209,034**
As at 31 December 2015	208,967

All shares issued during the year rank pari passu with other shares in issue in all respects.

30. Perpetual Securities

First USD Perpetual Securities

On 28 January 2014, Moon Wise Global Limited ("Moon Wise"), a wholly-owned subsidiary of the Company, issued USD denominated subordinated perpetual capital securities (the "First USD Perpetual Securities") with an aggregate principal amount of USD500,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Moon Wise under the First USD Perpetual Securities.

The principal terms of the First USD Perpetual Securities are disclosed in the Group's 2014 consolidated financial statements.

As the First USD Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB297,002,000 for the year ended 31 December 2016 (2015: RMB275,715,000) has been provided and paid by the Company.

30. Perpetual Securities (continued)

Second USD Perpetual Securities

On 22 April 2016 (the "Issue Date"), Apex Top Group Limited ("Apex Top"), a wholly-owned subsidiary of the Company, issued USD denominated senior perpetual capital securities Callable 2019 (the "Second USD Perpetual Securities") with an aggregate principal amount of USD400,000,000. The Second USD Perpetual Securities are unlisted, are guaranteed by the Company, and benefit from a keepwell deed and deed of equity interest purchase undertaking provided by China Communications Construction Group (Limited) ("CCCG").

The Second USD Perpetual Securities confer to the holders a right to receive distribution at the applicable distribution rate from the Issue Date semi-annually in arrears if not deferred by the Group. The distribution rate shall be (i) in respect of the period from, and including the Issue Date to, but excluding the 3rd anniversary from the Issue Date (the "First Call Date"), 5.5% per annum and (ii) in respect of the periods (A) from and including the First Call Date to, but excluding the immediately following reset date and (B) from, and including, each reset date falling after the First Call Date to, but excluding, the immediately following reset date, the applicable 3-year U.S. treasury rate plus the initial spread of 4.602% plus 5% per annum. A reset date is defined as each of the First Call Date and each day falling on the expiry of every three calendar years after the First Call Date. The applicable 3-year U.S. treasury rate refers to the prevailing rate that represents the average for the week immediately prior to the date on which the reset is calculated as published by the Board of Governors of the U.S. Federal Reserve.

Apex Top may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Apex Top may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until (i) Apex Top or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of the holders of the Second USD Perpetual Securities, Apex Top and the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof (including preference shares) or parity securities.

As the Second USD Perpetual Securities only impose contractual obligations on the Group to repay the principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance conferred upon the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends. Distribution of RMB74,042,000 for the year ended 31 December 2016 has been provided and paid by the Company.

31. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2016 were as follows:

Acquired companies	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
杭州坤一景觀設計諮詢有限公司 Hangzhou Kunyi Garden Decoration & Consulting Co., Ltd. ("Hangzhou Kunyi") (Note (i))	Decoration and consulting	24 May 2016	51%	–
浙江綠城景道園林工程有限公司 （原名"浙江楓濱園林工程有限公司"） Zhejiang Greentown Landscape Garden Project Co., Ltd. ("Zhejiang Landscape") (the former name "Zhejiang Fengbang Garden Decoration Co., Ltd") (Note (ii))	Design and decoration	24 May 2016	51%	4,570
浙江綠城元和房地產開發有限公司 Zhejiang Greentown Yuanhe Real Estate Development Co., Ltd. ("Zhejiang Yuanhe") (Note (iii))	Real estate development	30 June 2016	38%	61,768
安吉綠城元和農業發展有限公司 Anji Greentown Yuanhe Agriculture Development Co., Ltd. ("Anji Greentown Yuanhe") (Note (iii))	Agriculture	30 June 2016	38%	–
浙江綠城元和旅游開發有限公司 Zhejiang Greentown Yuanhe Travel Development Co., Ltd. ("Zhejiang Yuanhe Travel") (Note (iv))	Travel development	22 July 2016	85%	30,000
寧波軌道交通寧興置業有限公司 Ningbo Railway Transportation Ningxing Real Estate Co., Ltd. ("Railway Transportation Ningxing") (Note (v))	Real estate development	8 October 2016	51%	104,090
奉化綠城房地產開發有限公司 Fenghua Greentown (Note (vi))	Real estate development	3 November 2016	49%	49,000
				249,428

31. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2016 were as follows: (continued)

Notes:

(i) Greentown Real Estate Construction Management Group Co., Ltd ("Greentown Construction Management Group"), a wholly-owned subsidiary of the Company, obtained 51% equity interest of Hangzhou Kunyi. The Group acquired Hangzhou Kunyi so as to continue the expansion of the Group's design and decoration operation.

(ii) Greentown Construction Management Group, a wholly-owned subsidiary of the Company, acquired 51% equity interest of Zhejiang Landscape. The Group acquired Zhejiang Landscape so as to continue the expansion of the Group's design and decoration operation.

(iii) Greentown Real Estate, a wholly-owned subsidiary of the Company, acquired additional 38% equity interest of Zhejiang Yuanhe. Zhejiang Yuanhe was previously a 47%-owned associate of the Group. Anji Greentown Yuanhe is a wholly-owned subsidiary of Zhejiang Yuanhe, therefore was also acquired by the Group. The Group acquired additional 38% equity interest so as to continue the expansion of the Group's property development operation.

(iv) Greentown Real Estate acquired additional 85% equity interest of Zhejiang Yuanhe Travel. The Group previously held a 15% equity interest in Zhejiang Yuanhe Travel and classified the investments as available-for-sale investments measured at cost. The Group acquired Zhejiang Yuanhe Travel so as to expansion of the Group's travel development operation.

(v) Greentown Real Estate, acquired 51% equity interest of Railway Transportation Ningxing. The Group acquired Railway Transportation Ningxing so as to continue the expansion of the Group's property development operation.

(vi) Greentown Real Estate, acquired 49% equity interest of Fenghua Greentown. The Group previously held a 31% equity interest in Fenghua Greentown and classified the investments as an associate. The Group acquired Fenghua Greentown so as to continue the expansion of the Group's property development operation.

Particulars of the subsidiaries acquired during 2015 were as follows:

Acquired companies	**Principal activities**	**Acquisition date**	**Equity interest acquired**	**Consideration** RMB'000
北京藍城房地產開發有限公司 Beijing Bluetown Real Estate Development Co., Ltd. ("Beijing Bluetown") (Note (i))	Project management	1 January 2015	60%	256
柳州綠城投資有限公司 Liuzhou Greentown Investment Co., Ltd. ("Liuzhou Greentown") (Note (ii))	Investment holding	30 April 2015	60%	18,000
柳州綠城房地產開發有限公司 Liuzhou Greentown Real Estate Development Co., Ltd. ("Liuzhou Greentown Development") (Note (ii))	Real estate development	30 April 2015	60%	–
臨安金基房地產開發有限公司 Linan Jinji Real Estate Development Co., Ltd. ("Lin'an Jinji") (Note (iii))	Real estate development	31 May 2015	51%	72,360
上海華浙外灘置業有限公司 Huazhe Bund Real Estate Co., Ltd. ("Huazhe Bund") (Note (iv))	Real estate development	30 June 2015	51%	1,970,285

31. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2015 were as follows: (continued)

Acquired companies	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
綠城時代城市建設發展有限公司 Greentown Shidai (Note (v))	Project management	8 September 2015	92%	294,000
綠城房地產建設管理集團有限公司 Greentown Construction Management Group (Note (vi))	Project management	1 September 2015	100%	625,450
浙江宏順房地產開發有限公司 Zhejiang Hongshun Real Estate Development Co., Ltd. ("Zhejiang Hongshun") (Note (vii))	Real estate development	18 December 2015	65%	47,268
杭州泰旭投資管理有限公司 Hangzhou Taixu Investment Management Co., Ltd. ("Hangzhou Taixu") (Note (viii))	Investment holding	18 December 2015	100%	100
				3,027,719

Notes:

(i) Bluetown Property Construction Management Group Co., Ltd. ("Bluetown Property Construction Management"), a 35.4%-owned subsidiary of the Company, acquired 60% equity interest of Beijing Bluetown. The Group acquired Beijing Bluetown so as to continue the expansion of the Group's project management.

(ii) Greentown Real Estate contributed cash to obtain 60% equity interest in Liuzhou Greentown. Liuzhou Greentown Development is a wholly-owned subsidiary of Liuzhou Greentown, therefore was also acquired by the Group. The Group acquired Liuzhou Greentown and Liuzhou Greentown Development so as to continue the expansion of the Group's property development operation.

(iii) Hangzhou Greentown Zhizhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 51% equity interest of Lin'an Jinji.The Group acquired Lin'an Jinji so as to continue the expansion of the Group's property development operation.

(iv) Greentown Real Estate acquired 51% equity interests of Shanghai Huazhe Bund. The Group acquired Huazhe Bund so as to continue the expansion of the Group's property development operation.

(v) Greentown Real Estate acquired additional 92% equity interest of Greentown Shidai. The Group previously held an 8% equity interest in Greentown Shidai and classified the investments as available-for-sale investments measured at cost. The Group acquired Greentown Shidai so as to continue the expansion of the Group's project management.

(vi) Greentown Real Estate acquired 100% equity interest of Greentown Construction Management Group. The Group acquired Greentown Construction Management Group so as to continue the expansion of the Group's project management.

(vii) Hangzhou Greentown Zhizhen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired additional 15% and 50% equity interest of Zhejiang Hongshun from a non-controlling shareholder and other independent third parties respectively. Hangzhou Zhizhen previously held a 15% equity interest in Zhejiang Hongshun and classified the investments as available-for-sale investments measured at cost. The Group acquired Zhejiang Hongshun so as to continue the expansion of the Group's property development operation.

(viii) Hangzhou Zhenquan Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 100% equity interest of Hangzhou Taixu so as to continue the expansion of the Group's property development operation.

31. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows:

	2016 RMB'000	2015 RMB'000
Net assets acquired:		
Property, plant and equipment	7,905	11,548
Available-for-sale investments	–	23,540
Deferred tax assets	31,119	115,589
Properties for development	1,689,133	110,121
Properties under development	3,020,160	11,782,528
Completed properties for sale	162,253	633,249
Inventories	4,163	–
Trade and other receivables, deposits and prepayments	69,673	216,370
Amounts due from related parties	194,248	428,288
Prepaid income taxes	65,534	142,102
Prepaid other taxes	111,655	142,792
Bank balances and cash	485,614	835,183
Trade and other payables	(375,487)	(797,151)
Pre-sale deposits	(2,456,960)	(2,279,764)
Amounts due to related parties	(1,898,435)	(853,638)
Income taxes payable	(95)	(443,806)
Other taxes payable	(1,137)	(78,735)
Bank and other borrowings	(570,950)	(1,716,095)
Deferred tax liability	(24,144)	(3,695,391)
	514,249	4,576,730
Goodwill	–	769,241
Non-controlling interests	(151,977)	(2,297,010)
	362,272	3,048,961
Less:		
Transferred from interests previously held and classified as associates/ available-for-sale investments	(58,830)	(19,000)
Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages (Note i)	(51,689)	–
Gain on acquisition of subsidiaries	(2,325)	(2,242)
	249,428	3,027,719
Total consideration, satisfied by:		
Cash	249,428	2,905,518
Consideration payable	–	122,201
	249,428	3,027,719
Net cash flow arising on acquisition		
Cash paid	(249,428)	(2,905,518)
Bank balances and cash acquired	485,614	835,183
	236,186	(2,070,335)

Note: i. The Group's 47% equity interest in Zhejiang Yuanhe, which was previously accounted for as an associate, was remeasured to its fair value upon acquisition, resulting in a gain of RMB35,775,000 in 2016. The Group's 31% equity interest in Fenghua Greentown, which was previously accounted for as an associate, was remeasured to its fair value upon acquisition, resulting in a gain of RMB15,914,000 in 2016.

31. Acquisition of Subsidiaries (continued)

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Hangzhou Kunyi, Zhejiang Landscape, Zhejiang Yuanhe Travel and Fenghua Greentown were not material in comparison to the assets and liabilities acquired from Zhejiang Yuanhe and Railway Transportation Ningxing.

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments, amounts due from related parties) with a fair value of RMB263,921,000 at the date of acquisition had gross contractual amounts of RMB263,921,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB151,977,000.

The subsidiaries contributed RMB1,427,215,000 in revenue to the Group between the date of acquisition and the end of the year.

The losses attributable to the subsidiaries amounted to RMB7,802,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the period. The profits attributable to the subsidiaries amounted to RMB211,775,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the year.

Had the acquisition of the subsidiaries been effected at 1 January 2016, the Group's revenue and profit for the year ended 31 December 2016 would have been RMB28,983,515,000 and RMB2,212,581,000.

Acquisition-related costs were immaterial and had been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

For analysis of the summary of effects of acquisition of subsidiaries in 2015, please refer to the Group's consolidated financial statements for the year ended 31 December 2015.

32. Disposal of Subsidiaries

In April 2016, the Group disposed of its entire 35.4% equity interest in Shengzhou Greentown Construction Co., Ltd. to a non-controlling shareholder for a cash consideration of approximately RMB1,000,000.

In July 2016, the Group disposed of its entire 30.1% equity interest in Hangzhou Greentown Jiangbin Construction Co., Ltd. to an independent third party for a cash consideration of approximately RMB10,750,000.

In July 2016, the Group disposed of its entire 26.6% equity interest in Hangzhou Greentown Jiangjing Construction Co., Ltd. to an independent third party for a cash consideration of approximately RMB1,000,000.

In September 2016, the Group disposed of its 25% equity interest in Hangzhou Greentown Yiju Investment Management Co., Ltd.("Hangzhou Yiju") to an independent third party for a cash consideration of RMB500,000 and to a company controlled by a shareholder for a cash consideration of RMB2,000,000. The remaining 40% equity interest in Hangzhou Yiju is accounted for as a joint venture.

In 2016, the Group disposed of its 35.4% equity interest in Bluetown Property Construction Management to a shareholder for a cash consideration of approximately RMB135,090,000, for details please refer to note 41(v).

32. Disposal of Subsidiaries (continued)

A summary of the effects of the disposal of these subsidiaries is as follows:

	2016 RMB'000
Net assets disposed of:	
Property, plant and equipment	**32,802**
Interest in associates	**112,084**
Interest in joint ventures	**27,729**
Available-for-sale investments	**285**
Deferred tax assets	**10,887**
Inventories	**3,993**
Trade and other receivables, deposits and prepayments	**153,613**
Amounts due from related parties	**45,105**
Prepaid income taxes	**46**
Prepaid other taxes	**1,441**
Bank balances and cash	**265,660**
Pre-sale deposits	**(36,772)**
Trade and other payables	**(103,014)**
Amounts due to related parties	**(64,482)**
Dividend payables	**(263,000)**
Income taxes payables	**(420)**
Other taxes payables	**(4,676)**
Bank borrowings	**(1,807)**
	179,474
Net gain on disposal of subsidiaries	**74,461**
Non-controlling interests	**(99,595)**
Total consideration	**154,340**
Satisfied by:	
Cash received	**91,255**
Consideration receivable from a shareholder	**59,085**
Retained interests accounted for as a joint venture	**4,000**
	154,340
Net cash outflow arising on disposal:	
Cash received	**91,255**
Bank balances and cash disposed of	**(265,660)**
	(174,405)

33. Operating Leases

The Group as lessee

	2016 RMB'000	2015 RMB'000
Minimum lease payments made under operating leases in respect of buildings during the year	**89,478**	110,138

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 RMB'000	2015 RMB'000
Within one year	**38,408**	36,354
In the second to fifth year inclusive	**49,080**	67,676
After the fifth year	**730**	2,339
	88,218	106,369

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 6 years with fixed rentals.

The Group as lessor

	2016 RMB'000	2015 RMB'000
Property rental income, net of negligible outgoings	**154,752**	137,298

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2016 RMB'000	2015 RMB'000
Within one year	**28,470**	19,473
In the second to fifth year inclusive	**74,957**	60,583
After the fifth year	**29,604**	43,308
	133,031	123,364

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 15 years with fixed rentals.

34. Commitments

	2016 RMB'000	2015 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
Properties for development and properties under development and construction in progress	**10,999,569**	16,465,147

34. Commitments (continued)

In addition to the above, the Group's share of the commitments of its joint ventures are as follows:

	2016 RMB'000	2015 RMB'000
Contracted for but not provided in respect of properties for development and properties under development	**2,950,800**	2,039,176

35. Share-Based Payment Transactions

The Company's 2006 share option scheme (the "2006 Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group.

The 2006 Share Option Scheme has been terminated upon adoption of the new share option scheme ("Share Option Scheme") by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 17 June 2016 ("Effective Date"). Upon termination of the 2006 Share Option Scheme, no further options of the 2006 Share Option Scheme can be offered thereunder but the provisions of the scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior to its termination and options granted prior to such termination shall continue to be valid and exercisable.

The Share Option Scheme was adopted for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 16 June 2026 unless otherwise cancelled or amended. Under the Share Option Scheme, the Board of Directors of the Company may grant options to eligible employees to subscribe for shares in the Company. The eligible participants of the Share Option Scheme are any director or employee of the Group and any other person (including a consultant or adviser) who in the sole discretion of the Board has contributed or will contribute to the Group. The offer of a grant of share options may be accepted within 21 days from the date of offer, upon receipt by the Company of the payment of a consideration of HK$1 and signed acceptance of offer by the eligible participant.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of the options may be granted under the Share Option Scheme shall not exceed 10% of the shares of the Company in issue as at the adoption date. There were no options granted under the Share Option Scheme since its adoption.

The total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's issued share capital and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Details of specific categories of options granted in 2009 are as follows:

	Date of grant	Vesting period	Exercise period	Exercise price	Fair value
2009A	22/1/2009	22/1/2009-21/1/2011	22/1/2009-21/1/2019	HK$2.89	HK$1.19
2009B	13/5/2009	13/5/2009-12/5/2012	13/5/2009-12/5/2019	HK$7.16	HK$3.41
2009C	22/6/2009	22/6/2009-21/6/2011	22/6/2009-21/6/2019	HK$11.00	HK$4.71
2009D	17/7/2009	17/7/2009-16/7/2011	17/7/2009-16/7/2019	HK$11.59	HK$4.17

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK$2.75, HK$7.16, HK$11.00 and HK$11.52 respectively.

35. Share-Based Payment Transactions (continued)

The share options are exercisable during the following periods:

2009A
(i) up to 50% of the share options granted to each grantee from 22 January 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B
(i) up to 33% of the share options granted to each grantee from 13 May 2009;
(ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C
(i) up to 50% of the share options granted to each grantee from 22 June 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D
(i) up to 50% of the share options granted to each grantee from 17 July 2009;
(ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and
(iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

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

Option type	Outstanding at 1/1/2016	Exercised during year	Forfeited during year	31/12/2016
2009A	**8,150,000**	**(775,500)**	**–**	**7,374,500**
2009B	**3,359,000**	**–**	**–**	**3,359,000**
2009C	**29,238,000**	**–**	**–**	**29,238,000**
2009D	**15,000,000**	**–**	**–**	**15,000,000**
	55,747,000	**(775,500)**	**–**	**54,971,500**
Exercisable at the end of the year				**54,971,500**
Weighted average exercise price	**HK$9.74**	**HK$2.89**	**–**	**HK$9.84**

35. Share-Based Payment Transactions (continued)

Option type	Outstanding at 1/1/2015	Exercised during year	Forfeited during year	31/12/2015
2009A	9,622,000	(1,472,000)	–	8,150,000
2009B	3,359,000	–	–	3,359,000
2009C	29,449,000	–	(211,000)	29,238,000
2009D	15,000,000	–	–	15,000,000
	57,430,000	(1,472,000)	(211,000)	55,747,000
Exercisable at the end of the year				55,747,000
Weighted average exercise price	HK$9.57	HK$2.89	HK$11.00	HK$9.74

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$6.59 (2015: HK$8.69).

HK$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK$3.50 per share option in three annual instalments. As at 31 December 2016, share option premiums receivable amounting to RMB62,844,000 (31 December 2015: RMB62,844,000) were included in current other receivables according to the payment terms of the share option premiums.

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

The following assumptions were used to calculate the fair values of the share options:

	2009A	**2009B**	**2009C**	**2009D**
Grant date share price	HK$2.75	HK$7.16	HK$11.00	HK$11.52
Exercise price	HK$2.89	HK$7.16	HK$11.00	HK$11.59
Expected life	10 years	10 years	10 years	5.1 years
Expected volatility	58%	59%	59%	57%
Dividend yield	2.81%	2.81%	4.16%	4.16%
Risk-free interest rate	1.450%	2.372%	2.951%	1.79%

35. Share-Based Payment Transactions (continued)

The Binomial model has been used to estimate the fair value of the 2009A, 2009B and 2009C share options. The Black-Scholes pricing model has been used to estimate the fair value of the 2009D share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options.

Expected volatility was determined by using the historical volatility of the share price of comparable listed companies over the most recent period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

36. Pledge of Assets

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

	2016 **RMB'000**	2015 RMB'000
Land and buildings	**5,666**	14,820
Hotel buildings	**4,853,200**	3,238,606
Construction in progress	**71,155**	61,907
Prepaid lease payment	**236,254**	496,504
Properties for development	**6,003,620**	679,031
Properties under development	**20,956,019**	14,287,439
Completed properties for sale	**720,504**	3,447,045
Investment properties	**1,950,000**	1,900,000
Pledged bank deposits	**2,292,743**	3,358,767
Interests in associates	**313,989**	391,178
Interests in joint ventures	**294,596**	1,494,720
	37,697,746	29,370,017

37. Retirement Benefits Plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

38. Contingent Liabilities

(i) Guarantees

The Group provided guarantees of RMB27,360,912,000 (2015: RMB21,844,799,000) at 31 December 2016 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

	2016 RMB'000	2015 RMB'000
Credit guarantees provided to:		
Associates	**5,569,483**	3,953,360
Joint ventures	**7,414,923**	5,435,749
Independent third parties	**24,000**	90,000
	13,008,406	9,479,109

	2016 RMB'000	2015 RMB'000
Mortgage and charge guarantees provided to:		
Associates	**313,989**	572,399
Joint ventures	**–**	903,938
	313,989	1,476,337
Total	**13,322,395**	10,955,446

Contingent liabilities arising from interests in associates at the end of the reporting period:

	2016 RMB'000	2015 RMB'000
Share of mortgage loan guarantees provided by associates to banks in favour of its customers	**5,889,930**	5,458,643

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

	2016 RMB'000	2015 RMB'000
Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers	**5,176,467**	3,432,224

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and it is not probable that an outflow in settlement will be required.

39. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 25,26,27,28 and 41(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

40. Financial Instruments

(a) Categories of financial instruments

	2016	2015
	RMB'000	RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**52,673,772**	45,741,608
Available-for-sale investments	**516,801**	162,289
Senior notes' early redemption options	**156,700**	257,994
Financial liabilities		
Amortised cost	**81,431,545**	74,718,005
Cross currency swaps	**–**	199,796

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, issuer's early redemption options, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, corporate bonds and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

40. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The Group has bank balances, available-for-sale investments, other payables, other receivables, amounts due from related parties, amounts due to related parties, bank and other borrowings and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Hong Kong dollars ("HKD")	**744,370**	171,138	**–**	–
United States dollars ("USD")	**1,852,586**	2,552,437	**13,897,455**	14,080,019

The Group does not use any derivative contracts to hedge against its exposure to currency risk.

Sensitivity analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, available-for-sale investments, other receivables, other payables, bank and other borrowings, senior notes and amounts due from/to related parties.

The following table details the Group's sensitivity to a 5% (2015: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other comprehensive income where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit and other comprehensive income.

	HKD Impact		USD Impact	
	2016	2015	**2016**	2015
	RMB'000	RMB'000	**RMB'000**	RMB'000
Profit or loss	**(15,661)**	(6,418)	**451,683**	432,284
Other comprehensive income (note)	**(16,337)**	–	–	–

Note: This is attributable to foreign currently exposure on listed available-for-sales investments.

40. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings, senior notes and corporate bonds (see Notes 23,26,27,28 and 41 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see Notes 23, 26 and 41 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2015: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2015: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2016 would have increased/decreased by RMB8,950,000 (2015: increased/decreased by RMB4,847,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2016 would have decreased/increased by RMB47,272,000 (2015: decreased/increased by RMB50,997,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

40. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities disclosed in Note 38.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue trade debts, other receivables and amounts due from related parties. In addition, the Group reviews the recoverable amount of each overdue debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To minimise the credit risk arising from customer mortgage guarantees, the Group has reserved the right to collect the properties sold to customers should they default on their mortgage payments and demanded the application for building ownership certificates by customers since these guarantees provided by the Group to the banks will be released upon receiving such certificates. To minimise the credit risk arising from guarantees provided to banks and other parties in respect of credit facilities utilised by joint ventures and associates, the Group has delegated a team responsible for assessing the credit standing of such entities and the limits to the guarantees to be provided. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

40. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings, senior notes, corporate bonds and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2016 RMB'000
2016						
Non-derivative financial liabilities						
Trade and other payables	–	14,880,772	1,644,638	–	16,525,410	16,525,410
Bank and other borrowings						
– fixed-rate	7.29%	7,603,334	14,286,446	976,370	22,866,150	19,888,388
– variable-rate	4.46%	4,604,569	11,986,749	1,457,118	18,048,436	16,132,925
Amounts due to related parties						
– interest-free	–	9,325,635	–	–	9,325,635	9,325,635
– fixed-rate	8.57%	7,459,179	–	–	7,459,179	6,870,472
– variable-rate	1.92%	892,761	–	–	892,761	875,980
Senior notes	6.83%	324,337	5,780,400	–	6,104,737	4,896,445
Corporate bond	4.76%	332,200	6,026,197	2,073,230	8,431,627	6,916,290
Financial guarantee contracts	–	40,683,307	–	–	40,683,307	–
		86,106,094	39,724,430	4,506,718	130,337,242	81,431,545

40. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	>5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31/12/2015 RMB'000
2015						
Non-derivative financial liabilities						
Trade and other payables	–	16,597,287	1,484,243	–	18,081,530	18,081,530
Bank and other borrowings						
– fixed-rate	9.55%	6,058,623	6,768,047	–	12,826,670	10,973,296
– variable-rate	6.05%	8,525,234	8,385,189	1,897,763	18,808,186	16,461,447
Amounts due to related parties						
– interest-free	–	4,602,380	–	–	4,602,380	4,602,380
– fixed-rate	9.74%	6,141,437	–	–	6,141,437	5,596,145
– variable-rate	3.34%	1,492,380	–	–	1,492,380	1,444,167
Senior notes	7.34%	745,772	12,240,397	–	12,986,169	10,660,573
Corporate bond	4.76%	332,200	6,255,197	2,176,430	8,763,827	6,898,467
Financial guarantee contracts	–	32,800,245	–	–	32,800,245	–
		77,295,558	35,133,073	4,074,193	116,502,824	74,718,005

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

40. Financial Instruments (continued)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value RMB'000	Fair value hierarchy	Valuation technique and key inputs
Listed available-for-sale investment	Assets: 326,743 (2015: Assets: nil)	Level 1	Quoted bid prices in an active market.
Senior notes' early redemption options	Assets: 156,700 (2015: Assets: 257,994)	Level 2	Black bond option pricing model: The strike price in the option is the pre-determined redemption price that must be paid to the senior notes holder when redemption. The underlying asset of the bond call option is the remaining cash flow of the senior notes, which is a forward bond with same remaining cash flow of the senior notes since redemption date.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2016		2015	
	Carrying amount of liability component RMB'000	**Fair value RMB'000**	Carrying amount of liability component RMB'000	Fair value RMB'000
Financial liabilities				
Senior notes (Level 2)	**4,896,445**	**5,343,861[1]**	10,660,573	11,323,431[1]
Corporate bond (Level 2)	**6,916,290**	**7,091,200[1]**	6,898,467	7,071,001[1]

[1] Based on quoted price

41. Related Party Disclosures

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

	2016 RMB'000	2015 RMB'000
Sale of properties to a non-controlling shareholder	**–**	23,823
Sale of materials to joint ventures and associates (Note)	**1,480**	2,689
Construction service income from associates (Note)	**1,286**	15,266
Construction service income from joint ventures (Note)	**1,283**	5,207
Construction consulting service income from joint ventures and associates (Note)	**652**	–
Rental expenses paid/payable to:		
– shareholders' companies	**10,177**	11,376
– non-controlling shareholders	**–**	67
Purchases from associates	**210**	1,760
Interior decoration service fees paid/payable to associates (Note)	**5,595**	8,380
Property management fees paid/payable to shareholders' companies	**147,785**	210,179
Interest income arising from amounts due from:		
– associates (Note)	**318,955**	374,123
– joint ventures (Note)	**196,239**	375,227
– non-controlling shareholders	**6,984**	43,338
Interest expense arising from amounts due to:		
– associates (Note)	**323,860**	130,171
– joint ventures (Note)	**34,003**	13,403
– non-controlling shareholders	**141,253**	241,668
– shareholders' companies	**28,127**	28,580
Advertising expenses paid/payable to shareholders' companies	**70,000**	70,000
Comprehensive service income from joint ventures and associates (Note)	**17,907**	32,599
Hotel management fees paid/payable to shareholders' companies	**3,909**	4,364
Hotel service income from associates (Note)	**24**	599
Interior decoration service income from:		
– joint ventures and associates (Note)	**465,035**	529,514
– shareholders' companies	**6**	1,168
Healthcare service fee to shareholders' companies	**1,567**	1,788
Marketing service income from joint ventures and associates (Note)	**–**	33
Landscape construction fee to associates (Note)	**54,191**	71,264

Note: The transactions with associates and joint ventures are presented gross before elimination of unrealised profits or losses attributable to the Group.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Mr SONG Weiping, Mr SHOU Bainian, and Ms XIA Yibo are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

41. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:

	2016						
	Project-related		**Non-project related**		**Sub Total**		
	Interest bearing RMB'000	**Non-interest bearing RMB'000**	**Interest bearing RMB'000**	**Non-interest bearing RMB'000**	**Interest bearing RMB'000**	**Non-interest bearing RMB'000**	**Total RMB'000**
Due from							
Shareholders' Companies	**–**	**60,356**	**–**	**921**	**–**	**61,277**	**61,277**
Non-controlling shareholders	**1,810,100**	**5,733,317**	**–**	**31,311**	**1,810,100**	**5,764,628**	**7,574,728**
Associates	**3,774,621**	**5,318,520**	**–**	**–**	**3,774,621**	**5,318,520**	**9,093,141**
Joint ventures	**1,871,437**	**5,204,340**	**–**	**–**	**1,871,437**	**5,204,340**	**7,075,777**
Officers	**–**	**27,980**	**–**	**–**	**–**	**27,980**	**27,980**
Shareholder	**–**	**–**	**–**	**59,085**	**–**	**59,085**	**59,085**
	7,456,158	**16,344,513**	**–**	**91,317**	**7,456,158**	**16,435,830**	**23,891,988**
Due to							
Shareholders' Companies	**341,555**	**6,373**	**–**	**3,236**	**341,555**	**9,609**	**351,164**
Non-controlling shareholders	**3,314,597**	**1,352,675**	**–**	**–**	**3,314,597**	**1,352,675**	**4,667,272**
Associates	**2,010,897**	**5,242,633**	**–**	**–**	**2,010,897**	**5,242,633**	**7,253,530**
Joint ventures	**2,079,403**	**2,520,442**	**–**	**–**	**2,079,403**	**2,520,442**	**4,599,845**
Officers	**–**	**–**	**–**	**23,000**	**–**	**23,000**	**23,000**
Shareholder	**–**	**–**	**–**	**177,276**	**–**	**177,276**	**177,276**
	7,746,452	**9,122,123**	**–**	**203,512**	**7,746,452**	**9,325,635**	**17,072,087**

	2015						
	Project-related		Non-project related		Sub Total		
	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Interest bearing RMB'000	Non-interest bearing RMB'000	Total RMB'000
Due from							
Shareholders' Companies	–	25,712	–	1,092	–	26,804	26,804
Non-controlling shareholders	2,365,989	4,373,663	–	31,601	2,365,989	4,405,264	6,771,253
Associates	4,661,324	4,039,712	–	–	4,661,324	4,039,712	8,701,036
Joint ventures	3,391,024	5,367,207	–	–	3,391,024	5,367,207	8,758,231
Officers	–	18,672	–	–	–	18,672	18,672
	10,418,337	13,824,966	–	32,693	10,418,337	13,857,659	24,275,996
Due to							
Shareholders' Companies	533,602	8,299	–	8,199	533,602	16,498	550,100
Non-controlling shareholders	3,225,899	765,449	–	–	3,225,899	765,449	3,991,348
Associates	2,227,320	2,651,913	–	–	2,227,320	2,651,913	4,879,233
Joint ventures	1,053,491	1,168,520	–	–	1,053,491	1,168,520	2,222,011
	7,040,312	4,594,181	–	8,199	7,040,312	4,602,380	11,642,692

41. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

In respect of project-related balances with related parties:

(a) The trade balances due from officers arise mainly from property sales.

(b) The trade balances due from Shareholders' Companies are mainly construction receivables and trade receivables.

Construction receivables are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

(c) The project-related balances due from non-controlling shareholders are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.

(d) The trade balances due to officers are mainly pre-sale deposits.

(e) The amounts due to shareholders' companies arise mainly from loan of a CCCG's fellow subsidiary.

(f) The project-related balances due to non-controlling shareholders are mainly project advances from these non-controlling shareholders and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.

(g) The project-related balances due to joint ventures/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due from (to) shareholder are consideration receivable (payable) and will receive (pay) in schedule. The other non-interest bearing balances due from (to) related parties are unsecured and repayable on demand.

41. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

The key terms of the interest bearing balances due from (to) related parties are as follows:

(a) The project-related amounts due from non-controlling shareholders of RMB1,810,100,000 (2015: RMB2,365,989,000) at 31 December 2016 carried interest at a variable rate from 0.35% to 4.79% (2015: 0.35% to 4.79%) per annum.

(b) The project-related amounts due from associates of RMB3,774,621,000 (2015: RMB4,661,324,000) at 31 December 2016 carried interest at fixed rates ranging from 5.39% to 17.00% (2015: 6.00% to 17.00%) per annum.

(c) The project-related amounts due from joint ventures of RMB1,871,437,000 (2015: RMB3,391,024,000) at 31 December 2016 carried interest at fixed rates ranging from 6.00% to 10.00% (2015: 6.66% to 10.00%) per annum.

(d) The project-related amounts due to non-controlling shareholders of RMB3,108,356,000 (2015: RMB2,576,904,000) at 31 December 2016 carried interest at fixed rates ranging from 5.00% to 11.50% (2015: 8.00% to 11.50%) per annum.

(e) The project-related amounts due to non-controlling shareholders of RMB206,241,000 (2015: RMB648,995,000) at 31 December 2016 carried interest at variable rates of 7.00% (2015: 7.00%) per annum.

(f) The project-related amounts due to associates of RMB1,722,989,000 (2015: RMB1,831,651,000) at 31 December 2016 carried interest at fixed rates ranging from 10.00% to 10.98% (2015: 7.00% to 11.02%) per annum.

(g) The project-related amounts due to associates of 287,908,000 (2015: RMB395,669,000) at 31 December 2016 carried interest at variable rates of 0.35% (2015: 0.35%) per annum.

(h) The project-related amounts due to joint ventures of RMB1,697,573,000 (2015: RMB653,988,000) at 31 December 2016 carried interest at fixed rates ranging from 6.66% to 7.40% (2015: 6.66% to 10.00%) per annum.

(i) The project-related amounts due to joint ventures of RMB381,830,000 (2015: RMB399,503,000) at 31 December 2016 carried interest at a variable rate of 0.35% (2015: 0.35%) per annum.

(iii) (a) During the year, in addition to those disclosed in note 31, the Group made acquisitions from related parties as follows:

	2016 RMB'000	2015 RMB'000
Purchase of additional interests in subsidiaries from non-controlling shareholders of subsidiaries	**1,093,881**	326,012

41. Related Party Disclosures (continued)

(iii) (a) During the year, in addition to those disclosed in note 31, the Group made acquisitions from related parties as follows: (continued)

2016:

On 25 June 2016, the Group entered into an agreement with four non-controlling shareholders and a shareholder to acquire total 64.6% equity interest in Hangzhou Zhixin Bluetown Construction Management Group Co., Ltd. (“Hangzhou Zhixin”) for a total consideration of approximately RMB925,500,000, for details please refer to note 41(v).

On 30 August 2016, the Group entered into an agreement with a non-controlling shareholder to acquire 40% equity interest in Hengji Daqing Real Estate Development Co., Ltd (“Greentown Hengji Daqing”) for a consideration of RMB168,381,000.

2015:

On 16 April 2015, the Group entered into an agreement with a non-controlling shareholder to acquire 30% equity interest in Huzhou Xinjinjiang Real Estate Development Co., Ltd. (“Huzhou Xinjinjiang”) for a consideration of RMB20,500,000.

On 15 March 2015, the Group acquired 9% equity interest in Greentown Hengji Daqing from a non-controlling shareholder for a total consideration of RMB22,500,000.

On 15 June 2015, the Group entered into an agreement with a non-controlling shareholder to acquire 49% equity interest in Zhejiang Greentown Wood Development Co., Ltd. for a total consideration of RMB9,800,000.

On 15 June 2015, the Group entered into agreements with non-controlling shareholders to acquire 22% equity interest in Zhejiang Greentown Construction Management Co., Ltd. for a total consideration of RMB4,400,000.

On 19 June 2015, the Group entered into an agreement with a non-controlling shareholder to acquire 10% equity interest in Xinchang Greentown Real Estate Co., Ltd. (“Xinchang Greentown”) for a consideration of RMB16,000,000.

On 30 June 2015, the Group acquired 45% equity interest in Beijing Xingye Wanfa Real Estate Development Co., Ltd. (“Beijing Xingye Wanfa”) for a consideration of RMB191,374,000.

On 16 September 2015, the Group entered into an agreement with a non-controlling shareholder to acquire 1% equity interest in Anhui Greentown Real Estate Development Co., Ltd. for a total consideration of RMB300,000.

On 5 Novmber 2015, the Group entered into an agreement with a non-controlling shareholders to acquire 49% equity interest in Linhai Greentown Taiye Real Estate Development Co., Ltd. (“Linhai Greentown Taiye”) for a total consideration of RMB61,138,000.

41. Related Party Disclosures (continued)

(iii) (b) During the year, the Group made disposals to related parties as follows:

	2016 RMB'000	2015 RMB'000
Disposal of subsidiaries to non-controlling shareholders	**50,500**	11,000

In November 2016, the Group entered into an agreement to dispose of its 33% equity interest in Lin'an Jinji for a cash consideration of RMB50,500,000 to a non-controlling shareholder.

In February 2015, the Group entered into an agreement to dispose of its whole 55% equity interest in Beijing Changxin for a consideration of RMB11,000,000 to a non-controlling shareholder.

(c) On 4 February 2016, the Group entered into a framework agreement with a subsidiary of CCCG and a subsidiary of Wharf, pursuant to which the parties will jointly develop a piece of land in the Jiangtai Xiang, Chaoyang District of Beijing, the PRC, on a 50:10:40 ownership basis, into residential properties. The framework agreement was passed at an extraordinary general meeting held on 31 May 2016 and the joint venture company, which constituted a subsidiary of the Company, was established in February 2016.

On 26 July 2016, the Group entered into a framework agreement with CCCC Real Estate Co., Ltd, a wholly-owned subsidiary of CCCG, pursuant to which the parties will jointly develop a piece of land in Beijing, the PRC, on a 85:15 ownership basis, into residential properties. The framework agreement was passed at an extraordinary general meeting held on 21 October 2016.

On 11 October 2016, Zhejiang Lujiu Real Estate Co., Ltd., an indirect non-wholly owned subsidiary of the Company owned by the Group and Wharf Group as to 50% and 50% respectively, entered into a framework agreement with an independent third party, pursuant to which the Group and the independent third party will jointly develop a piece of land in Xiaoshan District of Hangzhou, Zhejiang province of the PRC, on a 70:30 ownership basis, into residential properties. The framework agreement was passed at an extraordinary general meeting held on 29 December 2016 and the joint venture company, which constituted a subsidiary of the Company, was established in August 2016.

On 27 October 2015, the Company entered into a framework agreement with Wharf, a non-controlling shareholder of the Company, pursuant to which the Group and Wharf together with its subsidiaries will jointly develop a piece of land in the Binjiang District of Hangzhou, Zhejiang province of the PRC, on a 50:50 ownership basis, into residential properties. The framework agreement was passed at an extraordinary general meeting held on 8 January 2016 and the joint venture was established in December 2015.

(d) On 27 June 2016, a subsidiary ("Investor") of the Group entered into a cornerstone placing agreement with Greentown Service Group Co., Ltd. ("Issuer"), a company owned by certain shareholder of the Company, and Merrill Lynch International, BOCI Asia Limited, Credit Suisse (Hong Kong) Limited and Haitong International Securities Co., Ltd ("Joint Global Coordinators"), pursuant to which the Investor has conditionally agreed to acquire the Issuer's shares at a fixed consideration amounted to approximately HKD305,550,000 (approximately RMB240,000,000). The transaction was completed on 12 July 2016 after the IPO price and number of shares to be acquired were finalised and the Investor has subscribed for 138,888,000 shares of the Issuer.

41. Related Party Disclosures (continued)

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2016 **RMB'000**	2015 RMB'000
Short-term benefits	**43,529**	38,380
Post-employment benefits	**200**	250
	43,729	38,630

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(v) Restructuring of Bluetown Property Construction Management

In 2016, the shareholders of Bluetown Property Construction Management have undergone a restructuring of Bluetown Property Construction Management by way of demerging and continuing it into two entities, namely (a) Hangzhou Zhixin which would be principally engaged in the construction management business of the then existing Bluetown Property Construction Management and would take over the assets, rights and liabilities and employees associated with such business; and (b) Bluetown Property Construction Management (i.e. the original entity after the restructuring) which would be principally engaged in the other businesses of the then existing Bluetown Property Construction Management, namely projects related to, among other things, retirement, agriculture and township development. Both of such entities would, immediately after such restructuring, be under the same shareholding structure as that under the then existing Bluetown Property Construction Management. In connection with the aforesaid, on 25 June 2016, an acquisition agreement and the disposal agreement were entered into pursuant to which the Company, through its wholly-owned subsidiary Mainwide (H.K.) Limited, agreed to acquire the remaining equity interest in Hangzhou Zhixin from the other shareholders, and through its wholly-owned subsidiary Greentown Real Estate, agreed to dispose of its 35.4% equity interest in Bluetown Property Construction Management (after the restructuring) to Mr Song Weiping.

Details of the agreements set out above are disclosed in the Company's announcement dated 25 June 2016.

42. Statement of Financial Position of the Company

	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**167**	153
Investment in a subsidiary	**280,346**	280,346
	280,513	280,499
CURRENT ASSETS		
Other receivables	**98,485**	135,841
Amounts due from subsidiaries and related parties	**21,249,338**	19,806,623
Bank balances and cash	**587,253**	827,927
	21,935,076	20,770,391
CURRENT LIABILITIES		
Other payables	**119,062**	253,094
Amounts due to related parties	**7,173,117**	4,079,363
Other taxes payable	**7,161**	6,703
Bank and other borrowings	**707,574**	2,058,732
Senior notes	**–**	2,497,056
	8,006,914	8,894,948
NET CURRENT ASSETS	**13,928,162**	11,875,443
TOTAL ASSETS LESS CURRENT LIABILITIES	**14,208,675**	12,155,942
NON-CURRENT LIABILITIES		
Bank and other borrowings	**6,242,260**	–
Senior notes	**4,896,445**	8,163,517
	11,138,705	8,163,517
	3,069,970	3,992,425
CAPITAL AND RESERVES		
Share capital	**209,034**	208,967
Reserves (Note)	**2,860,936**	3,783,458
	3,069,970	3,992,425

Note:

The movement of the reserves of the Company is as follows:

	RMB'000
At 1 January 2015	4,005,968
Profit (loss) for the year	(225,784)
Exercise of share options	3,274
At 31 December 2015	3,783,458
Profit (loss) for the year	(924,385)
Exercise of share options	1,863
At 31 December 2016	2,860,936

43. Events after the Balance Sheet Date

On 14 February 2017, the Group has obtained approval from the National Association of Financial Market Institutional Investors of the PRC for the issuance of medium-term notes with an aggregate principal amount of RMB8,900,000,000. On 3 March 2017, the Group completed the issuance of the first tranche of the medium-term notes with an aggregate principal amount of RMB3,000,000,000, with a term of five years and a coupon rate of 5.5% per annum.

44. Particulars of Principal Subsidiaries of the Company

Particulars of the principal subsidiaries as at 31 December 2016 and 2015 are set out below:

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2016	2015	2016	2015		
綠城房地產集團有限公司 Greentown Real Estate	The PRC 6 January 1995	RMB895,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd.	The PRC 16 January 2008	RMB211,079,000	-	-	50% (Note i)	50% (Note i)	Real estate development	Limited liability company
北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd.	The PRC 19 August 2008	RMB50,000,000	-	-	50% (Note i)	50% (Note i)	Real estate development	Limited liability company
杭州休博園湖畔綠景休閑開發有限公司 Hangzhou Xiuboyuan Hupan Lvjing Xiuxian Development Co., Ltd.	The PRC 2 April 2008	RMB120,000,000	-	-	50% (Note i)	50% (Note i)	Real estate development	Limited liability company
杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf	The PRC 20 Feb 2014	USD210,000,000	-	-	50% (Note i)	50% (Note i)	Real estate development	Wholly foreign-owned enterprise
湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd.	The PRC 26 September 2003	RMB50,600,000	-	-	49% (Note ii)	49% (Note ii)	Real estate development	Limited liability company
溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd.	The PRC 21 May 2007	RMB915,000,000	-	-	80%	80%	Real estate development	Sino-foreign equity joint venture
溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd.	The PRC 26 November 2007	RMB915,000,000	-	-	90%	90%	Real estate development	Sino-foreign equity joint venture
浙江綠城天臺山蓮花度假村有限公司 Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd.	The PRC 8 August 2011	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd.	The PRC 15 February 2007	RMB768,000,000	-	-	60%	60%	Real estate development	Sino-foreign equity joint venture

44. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2016	2015	2016	2015		
溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd.	The PRC 21 May 2007	RMB386,000,000	–	–	60%	60%	Real estate development	Sino-foreign equity joint venture
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd.	The PRC 16 December 1999	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd.	The PRC 15 January 2001	RMB50,000,000	–	–	80%	80%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd.	The PRC 12 November 1999	RMB30,000,000	–	–	64%	64%	Real estate development	Limited liability company
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.	The PRC 25 December 2001	RMB100,000,000	–	–	85%	85%	Real estate development	Limited liability company
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd.	The PRC 21 August 2007	RMB517,764,600	–	–	80%	80%	Real estate development	Sino-foreign equity joint venture
舟山綠城聯海置業有限公司 Zhoushan Greentown Lianhai Real Estate Co., Ltd.	The PRC 5 June 2007	RMB250,000,000	–	–	100%	100%	Real estate development	Limited liability company
寧波太平洋實業有限公司 Ningbo Pacific Real Estate Co., Ltd.	The PRC 11 July 2003	USD29,000,000	–	–	60%	60%	Real estate development	Foreign equity joint venture
台州吉利嘉苑房地產開發有限公司 Taizhou Jilijiayuan Real Estate Development Co., Ltd.	The PRC 15 October 2001	RMB40,000,000	–	–	55%	55%	Real estate development	Limited liability company
養生堂浙江千島湖房地產有限公司 Yangshengtang Zhejiang Qiandaohu Real Estate Co., Ltd.	The PRC 24 January 2005	RMB200,000,000	–	–	51%	51%	Real estate development	Limited liability company

44. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2016	2015	2016	2015		
杭州綠城海企房地產開發有限公司 Hangzhou Greentown Haiqi Real Estate Development Co., Ltd.	The PRC 23 November 2007	RMB1,000,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co., Ltd.	The PRC 22 October 1992	USD50,000,000	–	–	51%	51%	Real estate development	Sino-foreign joint venture
浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd.	The PRC 7 July 2008	RMB1,200,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
北京萊福世紀置業有限公司 Beijing Laifu Century Property Co., Ltd.	The PRC 24 April 2007	RMB30,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州綠城北盛置業有限公司 Hangzhou Greentown Beisheng Real Estate Co., Ltd.	The PRC 1 December 2009	RMB530,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
溫州景楊置業有限公司 Wenzhou Jingyang Real Estate Co., Ltd.	The PRC 19 July 2010	RMB340,000,000	–	–	60%	60%	Real estate development	Sino-foreign equity joint venture
杭州千島湖綠城投資置業有限公司 Hangzhou Qiandaohu Real Estate Investment Co., Ltd.	The PRC 15 June 2005	RMB30,000,000	–	–	80%	80%	Real estate development	Limited liability company
寧波高新區研發園綠城建設有限公司 Ningbo Gaoxinqu Yanfayuan Greentown Construction Co., Ltd.	The PRC 21 August 2003	RMB50,000,000	–	–	60%	60%	Real estate development	Sino-foreign equity joint venture
南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd.	The PRC 21 November 2002	RMB50,000,000	–	–	70%	70%	Real estate development	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd.	The PRC 25 April 1995	RMB50,000,000	–	–	100%	100%	Real estate development	Limited liability company
杭州玫瑰園度假村有限公司 Hangzhou Rose Garden Resort Co., Ltd.	The PRC 15 August 2006	RMB184,410,000	–	–	100%	100%	Real estate development	Limited liability company

44. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2016	2015	2016	2015		
安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd.	The PRC 23 December 2009	RMB200,000,000	–	–	100%	100%	Real estate development	Limited liability company
舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd.	The PRC 6 May 2008	RMB50,000,000	–	–	60%	60%	Real estate development	Limited liability company
舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Co., Ltd.	The PRC 5 November 2009	RMB50,000,000	–	–	90%	90%	Real estate development	Limited liability company
舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd.	The PRC 5 November 2009	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
城建中稷(浙江)實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd.	The PRC 5 February 2005	RMB160,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd.	The PRC 31 October 2005	RMB10,000,000	–	–	97%	97%	Real estate development	Limited liability company
河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd.	The PRC 8 August 2002	RMB80,000,000	–	–	100%	100%	Real estate development	Limited liability company
海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd.	The PRC 15 November 2007	RMB60,000,000	–	–	51%	51%	Real estate development	Limited liability company
慈溪綠城房地產開發有限公司 Cixi Greentown Real Estate Development Co., Ltd.	The PRC 27 July 2009	RMB98,000,000	–	–	60%	60%	Real estate development	Limited liability company
杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd.	The PRC 11 November 2009	RMB1,300,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise

44. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company				Principal activities	Legal form
			Direct		Indirect			
			2016	2015	2016	2015		
大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd.	The PRC 11 November 2008	RMB120,000,000	–	–	80%	80%	Real estate development	Limited liability company
青島綠城膠州灣房地產開發有限公司 Qingdao Jiaozhouwan Real Estate Development Co., Ltd.	The PRC 25 November 2009	USD100,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd.	The PRC 12 January 2010	RMB98,000,000	–	–	70%	70%	Real estate development	Limited liability company
大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd.	The PRC 15 March 2010	RMB100,000,000	–	–	90%	90%	Real estate development	Limited liability company
德清綠城房地產開發有限公司 Deqing Greentown Real Estate Development Co., Ltd.	The PRC 1 February 2010	RMB100,000,000	–	–	100%	100%	Real estate development	Limited liability company
紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd.	The PRC 6 November 2009	RMB100,000,000	–	–	51%	51%	Real estate development	Limited liability company
杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd.	The PRC 17 September 2003	RMB100,000,000	–	–	56%	56%	Real estate development	Limited liability company
台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd.	The PRC 18 February 2011	RMB130,000,000	–	–	51%	51%	Real estate development	Limited liability company
新疆鴻遠投資有限公司 Xinjiang Hongyuan Investment Co., Ltd.	The PRC 22 January 2003	RMB42,500,000	–	–	60%	60%	Real estate development	Limited liability company
慈溪綠城房地產發展有限公司 Cixi Greentown Property Development Co., Ltd.	The PRC 7 July 2011	RMB98,000,000	–	–	100%	100%	Real estate development	Limited liability company
浙江建德綠城置業有限公司 Zhejiang Jiande Greentown Real Estate Co., Ltd.	The PRC 6 December 2013	RMB608,000,000	–	–	100%	100%	Real estate development	Wholly foreign-owned enterprise
杭州綠城東友房產開發有限公司 Dongyou Real Estate Development Co., Ltd.	The PRC 11 January 2013	RMB500,000,000	–	–	100%	100%	Real estate development	Sino-foreign equity joint venture

44. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2016	Direct 2015	Indirect 2016	Indirect 2015	Principal activities	Legal form
臨安綠城置業有限公司 Lin'an Greentown Real Estate Co., Ltd.	The PRC 2 July 2009	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
諸暨市越都置業有限公司 Zhuji Yuedu Real Estate Co., Ltd.	The PRC 31 October 2008	RMB300,000,000	-	-	90%	90%	Real estate development	Limited liability company
新昌綠城佳園房地產開發有限公司 Xinchang Greentown Jiayuan Real Estate Development Co., Ltd.	The PRC 25 February 2014	RMB100,000,000	-	-	80%	80%	Real estate development	Limited liability company
淄博綠城置業有限公司 Zibo Greentown Real Estate Co., Ltd.	The PRC 25 March 2014	RMB500,000,000	-	-	100%	100%	Real estate development	Wholly foreign-owned enterprise
馬鞍山偉華置業發展有限公司 Ma'anshan Weihua Property Development Co., Ltd.	The PRC 11 June 2012	RMB106,000,000	-	-	70%	70%	Real estate development	Limited liability company
湖州新錦江房地產開發有限公司 Huzhou Xinjinjiang	The PRC 3 February 2004	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
新昌綠城置業有限公司 Xinchang Greentown	The PRC 12 December 2006	RMB72,600,000	-	-	90%	90%	Real estate development	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa	The PRC 26 October 2000	RMB50,000,000	-	-	100%	100%	Real estate development	Limited liability company
上海華浙外灘置業有限公司 Huazhe Bund	The PRC 26 September 2002	RMB50,000,000	-	-	51%	51%	Real estate development	Limited liability company
綠城房地產建設管理集團有限公司 Greentown Construction Group	The PRC 21 March 2012	RMB100,000,000	-	-	100%	100%	Project management	Limited liability company
綠城時代城市建設發展有限公司 Greentown Shidai	The PRC 17 September 2012	RMB50,000,000	-	-	100%	100%	Project management	Limited liability company
浙江宏順房地產開發有限公司 Zhejiang Hongshun	The PRC 11 March 2008	RMB100,000,000	-	-	80%	80%	Real estate development	Limited liability company
綠城恒基(大慶)置業有限公司 Greentown Hengji Daqing	The PRC 30 August 2011	RMB250,000,000	-	-	100% (Note iii)	60%	Real estate development	Limited liability company

44. Particulars of Principal Subsidiaries of the Company (continued)

Name of subsidiary	Place and date of registration	Registered capital	Proportion of ownership interest/ voting rights held by the Company Direct 2016	Direct 2015	Indirect 2016	Indirect 2015	Principal activities	Legal form
臨安金基房地產開發有限公司 Lin'an Jinji	The PRC 22 March 2004	RMB140,000,000	–	–	**18%** **(Note i)** **(Note iv)**	51%	Real estate development	Limited liability company
臨海綠城泰業房地產開發有限公司 Linhai Greentown Taiye	The PRC 20 January 2014	RMB100,000,000	–	–	**80%** **(Note v)**	100%	Real estate development	Limited liability company
柳州綠城房地產開發有限公司 Liuzhou Greentown Development	The PRC 7 May 2014	RMB80,000,000	–	–	**65%** **(Note vi)**	63%	Real estate development	Limited liability company
寧波軌道交通寧興置業有限公司 Railway Transportation Ningxing	The PRC 30 December 2015	RMB204,900,000	–	–	**51%** **(Note vii)**	–	Real estate development	Limited liability company
浙江綠城元和房地產開發有限公司 Zhejiang Yuanhe	The PRC 4 May 2009	RMB60,000,000	–	–	**85%** **(Note viii)**	47% (Note viii)	Real estate development	Limited liability company
奉化綠城房地產開發有限公司 Fenghua Greentown	The PRC 5 November 2013	RMB100,000,000	–	–	**80%** **(Note ix)**	31% (Note ix)	Real estate development	Limited liability company
北京綠城銀石置業有限公司 Beijing Yinshi	The PRC 20 February 2008	RMB50,000,000	–	–	**100%** **(Note x)**	100% (Note x)	Real estate development	Limited liability company
杭州藍城致信建設管理有限公司 Hangzhou Zhixin	The PRC 8 September 2016	RMB100,000,000	–	–	**100%** **(Note xi)**	–	Project management	Limited liability company
藍城房產建設管理集團有限公司 Bluetown Property Construction Management	The PRC 8 September 2010	RMB100,000,000	–	–	**–** **(Note xi)**	35% (Note i)	Project management	Limited liability company
北京亮馬置業有限公司 Beijing Liangma Real Estate Co., Ltd. ("Beijing Liangma")	The PRC 26 February 2016	RMB100,000,000	–	–	**50%** **(Note i)** **(Note xii)**	–	Real estate development	Limited liability company
寧波象山綠城房地產開發有限公司 Ningbo Xiangshan Greentown Real Estate Development Co., Ltd. ("Ningbo Xiangshan")	The PRC 19 February 2008	RMB100,000,000	–	–	**–** **(Note xiii)**	50% (Note i)	Real estate development	Limited liability company

44. Particulars of Principal Subsidiaries of the Company (continued)

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(i) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.

(ii) The entity is a subsidiary of non-wholly owned subsidiaries of the Group.

(iii) The Group acquired additional 40% equity interest in Greentown Hengji Daqing from its non-controlling shareholder in 2016. Please refer to Note 41(iii) for details.

(iv) The Group disposed of its equity interest in Lin'an Jinji to its non-controlling shareholder in 2016. Please refer to Note 41(iii) for details.

(v) In 2016, an independent third party injected capital into Linhai Greentown Taiye and acquired 20% equity interests in Linhai Greentown Taiye.

(vi) The Group obtained another 2% equity interests in Liuzhou Greentown Development in 2016.

(vii) Railway Transportation Ningxing became a subsidiary of the Group in 2016 as the Group acquired equity interest in it. Please refer to Note 31 for details.

(viii) Zhejiang Yuanhe became an 85%-owned subsidiary of the Group in 2016. The Group previously held a 47% equity interest in Zhejiang Yuanhe and classified the investments as an associate. Please refer to Note 31 for details.

(ix) Fenghua Greentown became an 80%-owned subsidiary of the Group in 2016. The Group previously held a 31% equity interest in Fenghua Greentown and classified the investments as an associate. Please refer to Note 31 for details.

(x) As at 31 December 2016, the disposal of Beijing Yinshi has been cancelled after agreement with the independent third party. As such, the assets and liabilities attributable to Beijing Yinshi that are expected to be sold have been re-consolidated from the disposal groups held for sale. Please refer to Note 24 for details.

(xi) In 2016, the Group disposed of its 35.4% equity interest in Bluetown Property Construction Management to a shareholder and acquired additional 64.6% equity interest in Hangzhou Zhixin from four non-controlling shareholders and a shareholder. Please refer to Note 41(v) for details.

(xii) Beijing Liangma was newly established in 2016.

(xiii) Ningbo Xiangshan was liquidated in 2016

The directors of the Company are of the opinion that none of the Group's subsidiaries that has non-controlling interests are material to the consolidated financial statements as a whole and therefore, the financial information in respect of those subsidiaries that has non-controlling interests are not presented.

Definition

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

2006 Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006
Bluetown	Bluetown Property Construction Management Group Co., Ltd.* (藍城房產建設管理集團有限公司), formerly known as Greentown Property Construction Management Co., Ltd. (綠城房產建設管理有限公司), a former subsidiary of the Company
Board	The Board of Directors of the Company
CCCC	China Communications Construction Company Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange respectively
CCCG	China Communications Construction Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial Shareholder of the Company
Company/Greentown/ Greentown China	Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Directors	The directors of the Company
GFA	Gross floor area
Greentown Asset Management	Greentown Asset Management Group Co., Ltd.* (綠城資產管理集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Greentown Group	Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates
Greentown Ideal Life	Greentown Ideal Life Technology Co., Ltd.* (綠城理想生活科技有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Greentown Real Estate	Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Greentown Project Management	Greentown Real Estate Project Management Group Co., Ltd.* (綠城房地產建設管理集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Greentown Town Development	Greentown Ideal Town Construction Group Co., Ltd.* (綠城理想小鎮建設集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
Group	Greentown China Holdings Limited and its subsidiaries
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
New Bluetown	Hangzhou Bluetown Zhixin Construction Management Group Co., Ltd.* (杭州藍城致信建設管理有限公司), a company established in the PRC and a wholly owned subsidiary of the Company

PRC/China	The People's Republic of China
SFO	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
Share Option Scheme	The share option scheme adopted by a resolution of the shareholders of the Company on 17 June 2016
Shares	The shares of the Company
sqm	Square metres
Stock Exchange/HKEx	The Stock Exchange of Hong Kong Limited
Wharf	The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004)
Wharf Group	Wharf and its subsidiaries
Year	The year ended 31 December 2016

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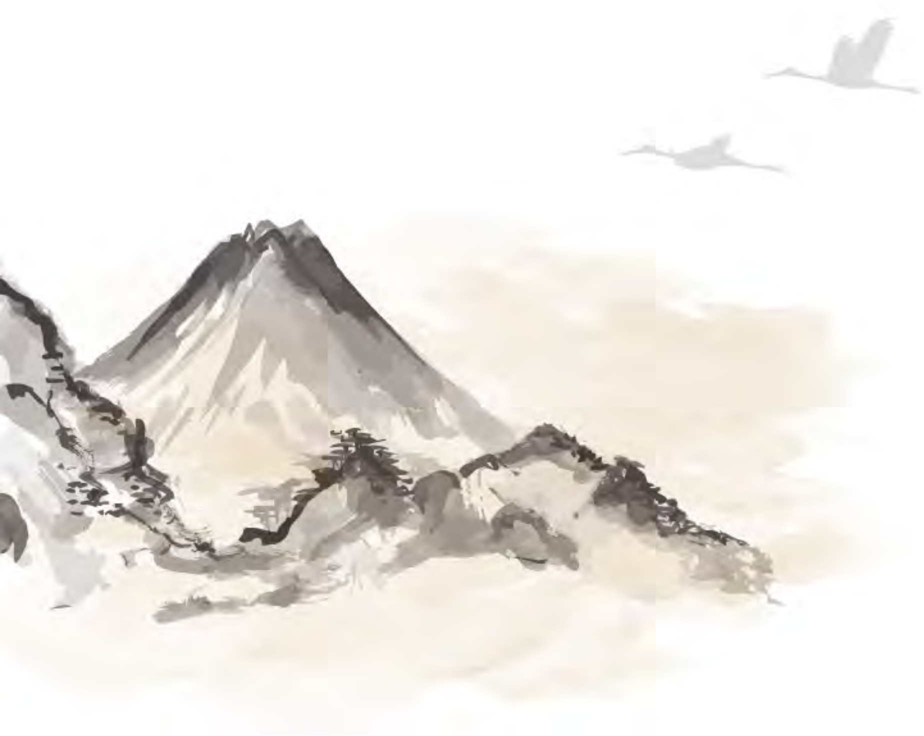

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