2016 Annual Report

COUNTRY GARDEN
Holdings Company Limited
碧桂園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2007

What is Country Garden?

As a large group enterprise listed on Hong Kong Stock Exchange's Main Board (Stock Code: 2007), Country Garden ranks among "The World's 500 Largest Public Companies" as per Forbes. Country Garden is not just a developer and operator of residential communities, but also constructs and operates green, ecological and smart cities. In 2016, Country Garden's residential property sales exceeded USD43 billion, covered approximately 37.47 million square meters, and ranked among top three real estate enterprises globally.

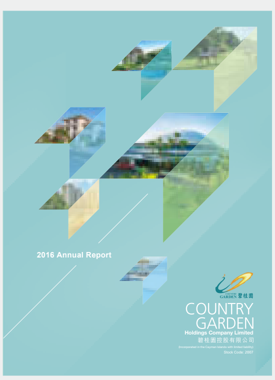
Country Garden has consistently tried to promote residential civilization. Leveraging a craftsman's professional spirit, and utilizing scientific planning and human-centric design, it aims to build good and affordable housing for the whole world. Such housing typically features complete community public facilities, beautiful landscape design, and safe and comfortable residential environment. Country Garden has developed more than 700 residential, commercial and urban construction projects globally, and offers its services to more than 3 million property owners.

Country Garden has made steady and strong efforts to promote urbanisation. Country Garden is highly popular in China, besides it is also gaining a strong position globally, as it is the developer for the 2,000 hectare Forest City in Malaysia's Iskandar Development Region, lying adjacent to Singapore. Forest City is going to be a city with a substantial focus on sustainable development, integrating business, finance, tourism, culture and entertainment elements. It sets a precedent for construction of a green, ecological and smart city, and serves as a good example for future cities. It won the "Global Human Settlement Planning and Design" award at the United Nations Conference on Housing and Sustainable Urban Development, and was invited to attend the United Nations Climate Conference. With Forest City's development and operation model as the standard, Country Garden engages in community building in Australia, Malaysia, Indonesia, etc.

Country Garden has consistently pursued promotion of global commercial civilization, and has focused on keeping pace with excellent enterprises around the world. It has worked with elites and talents globally; and there are over 400 doctorate degree holders working at Country Garden, who are on the path to become "Future Leaders" (management trainee programme). Since its establishment, Country Garden has donated more than USD400 million to social causes. All Country Garden employees try to benefit people and the society.

We are Country Garden, and we consistently work towards the progress of human society.

Country Garden hopes to create a better world with our existence!



Design Concept

"To build value-for-money houses for the society" is the value that Country Garden upholds, which should also be deemed as the secret to Country Garden's success.

Country Garden maintains a high sense of responsibility towards customers, and we aim to provide best-in-class products and services for home owners. The different arrows formed by various business formats are the embodiment of Country Garden's best endeavour in satisfying our customers' well-being in housing aspect. In addition, the architectural concepts of eco-friendliness and innovation conform to people's higher requirements to the living space.

Country Garden strives for the world's prosperity and progress. We are convicted that this company will be bound to be among the most competitive enterprises in the world with prudent management.

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CORPORATE OVERVIEW

— Country Garden —
Ten Miles Beach,
Huizhou

CORPORATE PROFILE

— *Country Garden Forest City, Johor, Malaysia*

Country Garden Holdings Company Limited (stock code: 2007.HK) is China's leading largest residential property developer focusing on urbanization. The Group runs a centralized and standardized business model that comprises property development, construction, decoration, property management, property investment, as well as hotel development and management. Country Garden offers a broad range of products to cater for diverse market demands. Its various products include residential projects such as townhouses, condos, as well as car-parks and retail shops. The Group also develops and manages hotels within some of its projects to enhance the potential for property value appreciation. The Group operates independent hotels as well.

Country Garden was listed on the main board of the Stock Exchange on 20 April 2007. The listing not only provided the Group with additional funding to sustain healthy growth in the future, but it also assisted the Group to establish its foothold in the international capital market. Country Garden was well recognized by the market after listing. It was included in the MSCI Global Standard Index on 1 September 2007. It also became constituent stock of the Hang Seng Composite Index and Hang Seng Mainland 100 on 10 September 2007, and FTSE China 50 Index on 14 September 2016. All the above facts symbolized the capital market's recognition of Country Garden as a major component of the Hong Kong stock market and also strengthened the Group's position in the international capital markets.

Since the beginning, Country Garden has been benefited from the thriving economy of the PRC. It has also expanded its business operation out of Guangdong Province into other regions with high economic growth. As of 31 December 2016, excluding Guangdong Province, Country Garden had property development operations in a number of strategically selected locations in 27 provinces/municipalities/autonomous regions in China. Since December 2011, the Group has successfully expanded into overseas market, and has property development projects in Malaysia, Australia and Indonesia. The strategic expansions further reinforced the Group's leading position in Guangdong Province, strengthened its developments in other regions, and demonstrated the excellent execution ability and the potential of the Group's successful business model.

Looking forward, Country Garden will continue to focus on real estate business and leverage on various financing measures to strengthen or consolidate different community-related businesses in the property industry chain, to improve the platform for community resources consolidation, and to build an industry chain that covers different stages of life cycles, with an aim of unleashing the value of the Group's assets. The Group will continue to further strengthen its competitive edge as a market leader in the industry.

CORE VALUES

1 **Corporate Mission**
To create a better society with our existence

2 **Corporate Spirit**
To benefit people and the society

3 **Service Concept**
Five-star living for you

CORE VALUES

To shape a prosperous future through our conscience and social responsibility awareness

5 **Five-star Products**
Ingenuity and attention to details

4 **Five-star Amenities**
Think of you, do our best

3 **Five-star Environment**
Eco-friendly surroundings

2 **Five-star Service**
Wholeheartedly caring

1 **Five-star culture**
Friendly neighborhood

FIVE-STAR

Value System of Country Garden

— *Country Garden* — *Jade Mansion, Zhenjiang*

— This is an elitist company

— This is a good place for the talents

— This is a place to learn and make progress

— This is a harmonious big family

— This is a company of integrity and commitment, operating in compliance with laws and regulations

— This is a sensible company that constantly corrects itself

— This is a company of equality which rewards excellence

— This is a company that prospers and constantly betters itself with experiences and practices

— This is a company that builds quality and affordable houses for the whole world

— This is a company that excels in social well being, corporate benefits and staff benefits

— This is a company that is highly recognized and appreciated by the society

— This is a company dedicates to the development of human society

Mr. YEUNG Kwok Keung : Country Garden that I dreamed of

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. YEUNG Kwok Keung *(Chairman)*
Ms. YANG Huiyan *(Vice Chairman)*
Mr. MO Bin *(President)*
Mr. ZHU Rongbin *(Associate President)*
Mr. WU Jianbin *(Chief Financial Officer)*
(will resign on 1 April 2017)
Ms. YANG Ziying
Mr. SU Rubo (will resign on 1 April 2017)
Mr. OU Xueming
(will resign on 1 April 2017)
Mr. YANG Zhicheng
Mr. XIE Shutai
Mr. SONG Jun
Mr. LIANG Guokun
Mr. SU Baiyuan

Non-executive Director

Mr. CHEN Chong
(appointed on 8 December 2016)

Independent Non-executive Directors

Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung, Ronald
Mr. HUANG Hongyan
Ms. HUANG Xiao
(will resign on 1 April 2017)
Mr. MEI Wenjue
Mr. YEUNG Kwok On

CHIEF FINANCIAL OFFICER

Mr. WU Jianbin
(will resign on 1 April 2017)
Ms. WU Bijun
(appointment effective on 1 April 2017)

COMPANY SECRETARY

Mr. HUEN Po Wah
(resigned on 1 October 2016)
Mr. LEUNG Chong Shun
(appointed on 1 October 2016)

AUTHORIZED REPRESENTATIVES

Ms. YANG Huiyan
Mr. MO Bin
Mr. WU Jianbin (alternate to Ms. YANG Huiyan) (will resign on 1 April 2017)
Ms. ZUO Ying (alternate to Ms. YANG Huiyan)
(appointment effective on 1 April 2017)
Ms. SIN Lai Lan (alternate to Mr. MO Bin)

AUDIT COMMITTEE

Mr. LAI Ming, Joseph *(Chairman)*
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung, Ronald
Mr. HUANG Hongyan
Ms. HUANG Xiao
(will resign on 1 April 2017)

REMUNERATION COMMITTEE

Mr. TONG Wui Tung, Ronald *(Chairman)*
Mr. YEUNG Kwok Keung
Mr. MO Bin
Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. HUANG Hongyan
Ms. HUANG Xiao
(will resign on 1 April 2017)

NOMINATION COMMITTEE

Mr. YEUNG Kwok Keung *(Chairman)*
Mr. LAI Ming, Joseph
Mr. TONG Wui Tung, Ronald
Mr. HUANG Hongyan
Ms. HUANG Xiao
(will resign on 1 April 2017)

CORPORATE GOVERNANCE COMMITTEE

Mr. YEUNG Kwok Keung *(Chairman)*
Ms. YANG Huiyan
Mr. MO Bin

EXECUTIVE COMMITTEE

Mr. YEUNG Kwok Keung *(Chairman)*
Ms. YANG Huiyan
Mr. MO Bin
Mr. ZHU Rongbin
Mr. WU Jianbin
(will resign on 1 April 2017)
Ms. YANG Ziying
Mr. YANG Zhicheng

FINANCE COMMITTEE*

Mr. WU Jianbin *(Chairman)*
(will resign on 1 April 2017)
Ms. WU Bijun *(Chairman)*
(appointment effective on 1 April 2017)
Ms. YANG Huiyan
Mr. MO Bin
Mr. YANG Zhicheng
(appointment effective on 1 April 2017)

* Other three members are senior management of the finance centre of the Group

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Country Garden Centre
No. 1 Country Garden Road
Beijiao Town, Shunde District, Foshan
Guangdong Province 528312
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1702, 17/F.
Dina House, Ruttonjee Centre
11 Duddell Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS
(In Alphabetical Order)

Agricultural Bank of China Limited
Bank of China Limited
Bank of China (Hong Kong) Limited
The Bank of East Asia, Limited
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Development Bank Corporation
China Guangfa Bank Co., Ltd.
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Hang Seng Bank Limited
CIMB Bank Berhad
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Malayan Banking Berhad
Ping An Bank Company Limited
Postal Savings Bank of China
Shanghai Pudong Development Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
Wing Lung Bank Limited

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

As to Hong Kong law:

Sidley Austin LLP
Iu, Lai & Li

As to PRC law:

Allbright Law Offices
Chongqing Shariea Law Firm
GuangDong GuangXin JunDa Lawyers
Guangdong Guardian Law Firm
King & Wood Mallesons
Shanghai City Development Law Firm
Tahota Law Firm (Chongqing Office)
Tahota Law Firm

STOCK CODES

Stock Exchange	2007
Reuters	2007.HK
Bloomberg	2007 HK Equity

WEBSITE

http://www.countrygarden.com.cn

Financial Calendar 2017

Announcement of 2016 Annual Results	22 March
Record Date for Shareholders to attend, speak and vote at 2017 AGM	11 May
2017 AGM	18 May
Ex-dividend date for proposed final dividend	23 May
Record Date for Eligible Shareholders to be entitled to proposed final dividend	26 May
Despatch dividend warrants	12 July
Announcement of 2017 interim results	August

PERFORMANCE

— *Country Garden Forest City, Johor, Malaysia*

CHAIRMAN'S STATEMENT

YEUNG Kwok Keung
Chairman

— *Country Garden — Lakeside City, Huzhou*

CHAIRMAN'S STATEMENT

— *Country Garden — Longines Bay, Putian*

Dear Shareholders,

In 2016, China's property market was booming in contrast with oversea observers' reservations about the market. By the same token, Country Garden was making bold strides while most of its peers were trying cautiously to follow suit. As of 31 December 2016, the Group together with its joint ventures and associates' contracted sales rose by 120.3% year on year to approximately RMB308.84 billion; the Group's total revenue increased by 35.2% year on year to approximately RMB153.09 billion, gross profit grew by 41.0% year on year to approximately RMB32.24 billion, and core net profit increased by 22.3% year on year to approximately RMB11.98 billion. The great achievements were not only brought by China's economic development but also reflected the determination of China's enterprises to thrive. In addition, I think that China's urbanization is far from over. A breakdown of the Group's domestic contracted sales by its target markets showed that 59% of the Group's sales were derived from the projects which targeted the first and second-tier cities in China, and 41% from those that targeted the third and fourth-tier cities. The adaptation to different markets and a more balanced land bank are the key to counteracting market fluctuations and enabling the Group to grow consistently. I believe that Country Garden will strive for further improvement and generate more value for the shareholders.

A surge in contracted sales to over RMB300 billion for 2016 is an achievement that takes not only conviction and courage but also restraint and decisiveness. The robust capital structure helps the Group to cope with the ups and downs of an economic cycle in the future: it accelerates the Group's development amid the market's uptrend and buffers the impact of a downturn. As at 31 December 2016, the net gearing ratio of the Group decreased by 11.3 percentage points year on year to 48.7%. The weighted average borrowing cost was 5.66%, which was down by 54 basis points year on year. Cash and bank deposits (including restricted cash) amounted to approximately RMB96.49 billion, and undrawn bank facilities were approximately RMB162.84 billion. The Group has been recognised by credit rating agencies and major financial institutions for its sound financial position which was backed by sufficient working capital. The Group's capability to withstand risks has been further enhanced.

In order to fulfill our dreams, we have to view things at a high altitude and be visionary. The Group's steady oversea business development has gradually yielded good results. The Group has formed a joint venture with the government of Johor State in Malaysia to develop Forest City, a project of long-term and strategic significance, for a term of more than 20 years. Forest City has a site area of approximately 20 square kilometers for development and it has been well-received in the international markets. Meanwhile, as the construction of Forest City is on a roll-over basis according to the progress in its sales and market response, the project has achieved positive net cash flow, and its own capital is sufficient to support its own development. The profit margin of the project is predicted to be much higher than those of the Group's other projects which are being undertaken in the same period in China, and will contribute to the Group's profit with the revenues from sales of properties of the project are recognised in the future. Country Garden has proved itself a leading property developer with great competitiveness in various markets all over the world. In the future, we will keep developing oversea markets at a steady pace.

The more competitive we get, the more responsibilities we have. Country Garden upholds the corporate values of "being good to people and good to society", and strives for improvement in operating the community and benefiting home owners. As at 31 December 2016, the Group undertook contracts to manage properties with total gross floor area ("GFA") of approximately 210 million sq.m. for approximately 1 million home owners in 223 cities across 27 provinces in China. The Group's property management and community-related businesses generated revenue of approximately RMB1,959 million, up by 33.3% year on year. The business segment also recorded an operating profit of approximately RMB406 million, up by 59.7% year on year. In the future, the Group will leverage on the capital market to develop this business segment so as to enrich its sources of income and enhance its business value.

Country Garden can't enhance its competitiveness without the best team. As a business operator, I always focus on the

— *Country Garden —*
Jinshanling Greatwall Lake, Chengde

CHAIRMAN'S STATEMENT

— *Country Garden — Jade Bay, Dongguan*

— *Country Garden — Coral Palace, Lingshui*

"people". Country Garden attracted top talents with excellent incentives. The Group has adopted a partnership scheme since October 2014. As at 31 December 2016, the partnership scheme was introduced to a total of 583 property projects, which recorded aggregate contracted sales of approximately RMB261.2 billion. The average net profit margin of the contracted sales at such projects under the partnership scheme is estimated to be about 12%, and positive net cash flow is estimated to be achieved at such projects in 8.4 months. The mechanism has ensured that the professional managers and shareholders can "share the gains together and work together as a cohesive group". As a result, we have recruited a large number of top talents in the industry, including 403 holders of PhDs, and these talents would gradually become the core managers of the Group. In the future, the Group will continue to build a team of professional and excellent property managers, and is gearing up for greater accomplishments.

I have a vision of Country Garden thriving on tests and applying its practical experience to its business. Founded in 1992 and listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2007, Country Garden has been growing stronger and aspiring to higher goals in face of market regulation and competition. This is the key to the Group's survival and the driving force behind its endeavours to scale new heights. Since we can't predict the future or the capital market's preferences, the right way to cope with the situation is to excel in what we do. We need to be perceptive to the changes and be receptive to opinions and new ideas from the market. Country Garden will also remain committed to providing state-of-the-art products while staying aware of the market and costs of operations. All these can help making us invincible.

We aspire to a higher goal, and will pursue it through thick and thin. Country Garden will not stop taking on challenges, and will continue to build reasonably-priced, high-quality housing for people all over the world. Country Garden hopes to create a better society with our existence.

YEUNG Kwok Keung
Country Garden Holdings Company Limited
Chairman

Shunde, Guangdong, China, 22 March 2017

BUSINESS OVERVIEW

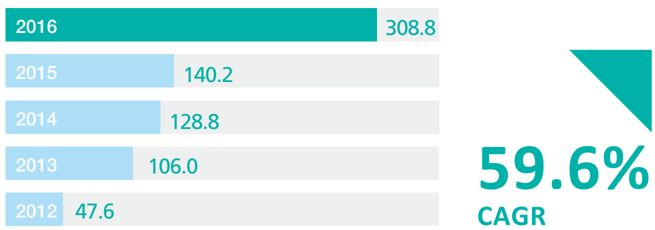
Property Development

Contracted Sales

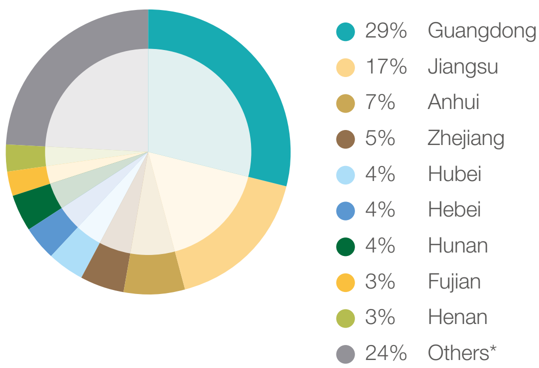
In 2016, the Group together with its joint ventures and associates reached approximately RMB308.84 billion contracted sales, with contracted gross floor area of approximately 37.47 million sq.m. of which approximately RMB234.76 billion and 29.79 million sq.m. were attributable to owners of the Company.

From 2012 to 2016, the contracted sales compound annual growth rate was approximately 59.6%, and contracted sales in 2016 increased by 120.3% as compared with 2015. In 2016, the contracted sales outside Guangdong Province was around 71% of that of the Group, reflecting the Group's efforts in geographic diversification. In terms of tier cities, around 41% was contributed by projects located in tier 3&4 cities targeting tier 3&4 cities, around 36% was contributed by projects located in tier 2 cities targeting tier 2 cities, others contributed 23%.

Contracted Sales (RMB billion)

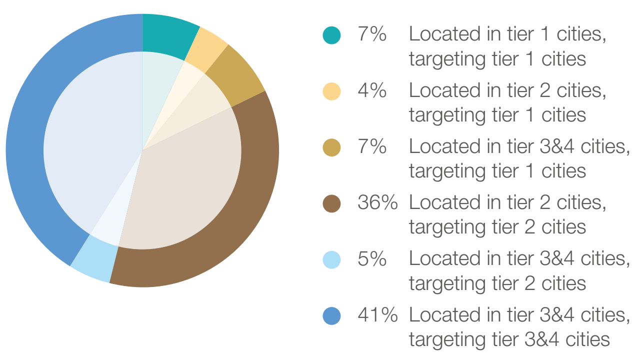


Geographical breakdown of contracted sales in 2016

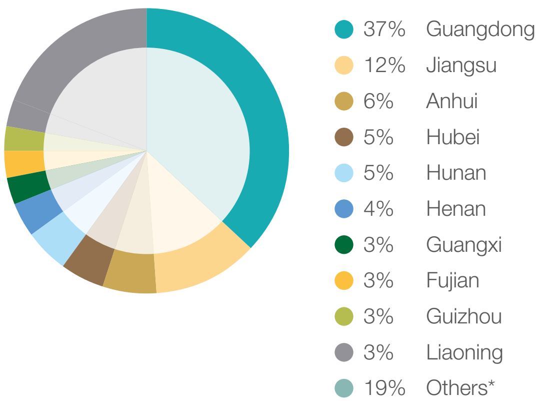


Others* including Guangxi, Hainan, Malaysia, Guizhou,Sichuan, Gansu, Liaoning, Shandong, Tianjin, Shanghai, Jiangxi, Chongqing, Shanxi, Shaanxi, Inner Mongolia, Yunnan, Qinghai, Heilongjiang, Jilin, Australia.

Domestic contracted sales breakdown by city type in 2016

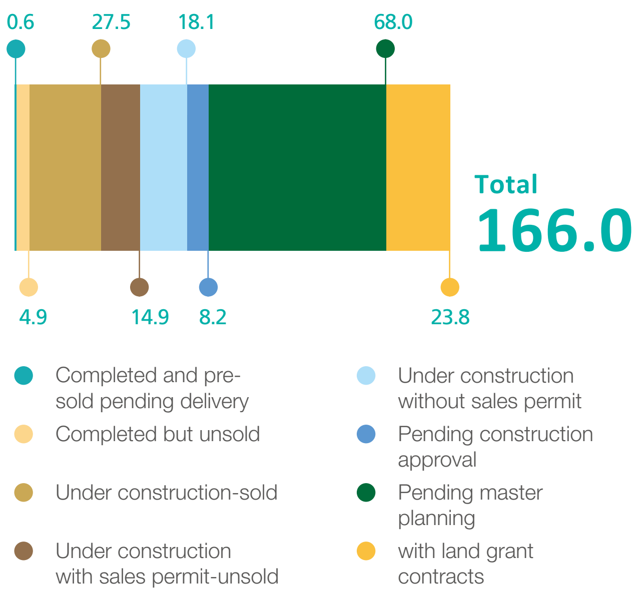


Landbank GFA breakdown by location in China



Others* Including Hebei, Zhejiang, Shandong, Sichuan, Inner Mongolia, Hainan, Gansu, Chongqing, Jiangxi, Shaanxi,Tianjin, Shanxi, Shanghai, Yunnan, Jilin, Qinghai, Heilongjiang, Beijing,

Landbank GFA breakdown by development stage in China (million sqm)



Landbank in China

As of 31 December 2016, the acquired GFA in China of the Group together with its joint ventures and associates was 166.04 million sq.m. 63% of the landbank was located outside of Guangdong province. By development stage around 36% of the landbank was under construction, and 17% was presold.

The acquired GFA in China attributable to owners of the Company was 125.11 million sq.m.

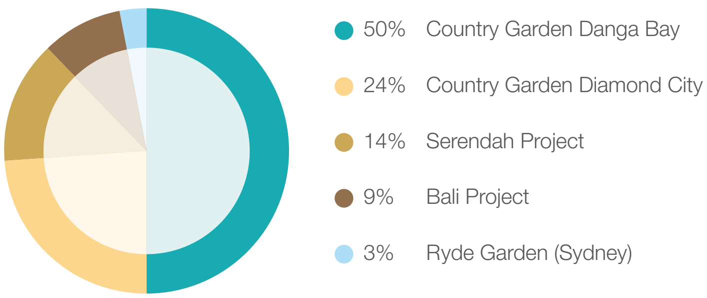
BUSINESS OVERVIEW

Oversea Landbank

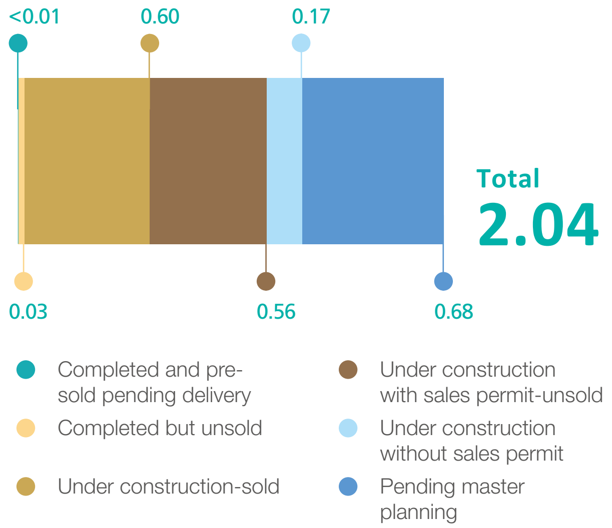
As of 31 December 2016, except Country Garden Forest City, the acquired oversea GFA of the Group was 2.04 million sq.m. By development stage around 65% of the landbank was under construction, and 29% was presold.

Except Country Garden Forest City, the acquired oversea GFA attributable to owners of the Company was 1.63 million sq.m.

Oversea landbank GFA breakdown by location



Oversea landbank GFA breakdown by development stage (million sqm)



— *Country Garden Forest City, Johor, Malaysia*

BUSINESS OVERVIEW

Project Location

As of 31 December 2016, the Group operated 728 projects under different development stages. 722 of these projects were located in China, 4 in Malaysia, 1 in Australia, 1 in Indonesia.

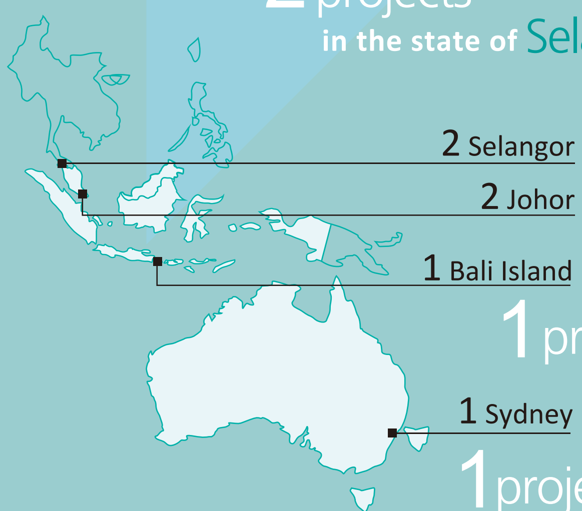
The Group had 6 oversea projects, including

2 projects in the state of Selangor,

2 projects in the state of Johor of Malaysia and

1 project in Bali Island Indonesia,

1 project in Sydney of Australia



As of 31 December 2016, the Group's

722 projects

in China were located as follows:

BUSINESS OVERVIEW

Top 100 domestic projects with the highest contracted sales in 2016

Serial number	Project	City (District)	Aggregate GFA for entire project	Interest attributable to the Company	Completed property developments[1]				
					Completed GFA	Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	Completion date
			sq.m.	(%)	sq.m.	sq.m.	sq.m.	sq.m.	
1	Country Garden – Ten Miles Beach – including Xiaojing Coast City (碧桂園 • 十里銀灘(含小徑海岸城))	Huizhou (Huidong)	5,809,980	100%	3,324,223	3,100,578	3,077,624		28/Dec/2016
2	Country Garden – Phoenix City (碧桂園 • 鳳凰城)	Zhenjiang (Jurong)	7,131,306	100%	2,342,222	2,295,855	2,168,347	3,046	29/Dec/2016
3	Country Garden – Coral Palace (碧桂園 • 珊瑚宮殿)	Lingshui (Yingzhou)	1,646,312	49%	346,492	345,818	337,312	55	31/Dec/2016
4	Nanjing Country Garden (南京碧桂園)	Nanjing (Jiangning)	717,649	85%	251,614	251,614	222,172		15/Dec/2016
5	Lanzhou Country Garden (蘭州碧桂園)	Lanzhou (Chengguan)	2,630,352	100%	824,817	824,319	813,911		30/Nov/2016
6	Asian Games Town (亞運城)	Guangzhou (Panyu)	4,380,000	20%	1,602,280	1,383,595	1,235,750	50,477	16/Jun/2016
7	Country Garden Phoenix City – including Phoenix Park (碧桂園鳳凰城(含鳳凰名苑))	Guangzhou (Zengcheng)	5,040,629	100%	4,717,991	4,452,913	4,405,716	581	30/Sep/2016
8	Songhu Country Garden (松湖碧桂園)	Dongguan (Dalingshan)	361,305	100%					
9	Country Garden Eco City – Left Bank (碧桂園生態城 • 左岸)	Wuhan (Hongshan)	331,038	88%					
10	Shijiazhuang Country Garden (石家莊碧桂園)	Shijiazhuang (Yuanshi)	735,452	72%	97,569	97,569	90,204		25/Oct/2016
11	Zhengzhou Country Garden – Phases One & Two (鄭州碧桂園 – 一二期)	Zhengzhou (Xingyang)	521,078	51%	78,786	78,786	45,625	33,161	29/Dec/2016
12	Country Garden – City Garden (碧桂園 • 城市花園)	Chuzhou (Laian)	1,794,925	100%	1,511,943	1,454,595	1,410,077	251	25/Nov/2016
13	Country Garden – City Garden (碧桂園 • 城市花園)	Guangzhou (Zengcheng)	473,331	100%	195,585	189,307	163,998	1,381	15/Aug/2016
14	Vanke Country Garden (萬科碧桂園)	Suzhou (Wuzhong)	204,231	43%					
15	Country Garden – Jade Mansion (碧桂園 • 翡翠華府)	Zhenjiang (Jurong)	406,342	85%					
16	Anqing Country Garden (安慶碧桂園)	Anqing (Yingjiang)	3,260,940	100%	1,895,258	1,757,033	1,706,349		30/Sep/2016
17	Country Garden Ten Miles Riverside (碧桂園十里江灣)	Dongguan (Machong)	281,683	100%	16,801	16,801	16,801		23/Dec/2016
18	Jieyang Country Garden (揭陽碧桂園)	Jieyang (Jiedong)	549,017	30%					
19	Country Garden Longyue (碧桂園瓏悅)	Hangzhou (Xiaoshanqu)	118,877	100%					
20	Country Garden – Galaxy Palace (碧桂園 • 銀河城)	Shenyang (Yuhong)	3,130,618	92%	2,439,536	2,341,354	2,302,554	4,396	10/Nov/2016
21	Country Garden – Impression Garden (碧桂園 • 印象花城)	Foshan (Shunde)	254,077	46%					
22	Fuyang Country Garden (阜陽碧桂園)	Fuyang (Yingquanqu)	281,982	100%	17,319	17,319	10,794		26/Dec/2016

Properties under development[2]						Properties for future development[3]				
GFA under development	Total saleable GFA under development	Actual commencement date	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land grant contracts
sq.m.	sq.m.		sq.m.			sq.m.				
1,156,398	1,054,705	14/Jun/2011	681,991	23/Mar/2012	2nd Quarter 2019	1,329,359	1st Quarter 2017	2nd Quarter 2017	4th Quarter 2021	
1,144,059	984,424	21/Sep/2011	676,346	5/Jul/2013	4th Quarter 2019	3,112,911	2nd Quarter 2017	3rd Quarter 2017	4th Quarter 2024	532,114
690,310	655,597	3/Nov/2014	225,254	7/Nov/2014	4th Quarter 2019	609,510	1st Quarter 2017	2nd Quarter 2017	4th Quarter 2020	
459,325	425,757	21/Dec/2015	361,130	15/Dec/2015	4th Quarter 2018	6,710	3rd Quarter 2017	–	4th Quarter 2018	
1,045,171	1,027,696	19/May/2015	729,726	29/May/2015	3rd Quarter 2019	760,364	1st Quarter 2017	2nd Quarter 2017	4th Quarter 2020	
547,543	523,078	14/Dec/2011	133,071	18/Nov/2014	2nd Quarter 2019	2,230,177	2nd Quarter 2017	4th Quarter 2017	4th Quarter 2025	
322,638	268,536	29/Apr/2007	259,804	30/Apr/2008	2nd Quarter 2018					
361,305	356,753	13/Nov/2015	183,390	25/Mar/2016	2nd Quarter 2018					
331,038	322,182	9/Mar/2016	320,643	16/Mar/2016	2nd Quarter 2018					
637,883	621,130	28/Apr/2015	552,505	29/Apr/2015	2nd Quarter 2019					
442,292	409,064	20/Aug/2015	392,178	21/Aug/2015	2nd Quarter 2018					
282,982	281,687	25/Aug/2015	234,274	30/Oct/2015	3rd Quarter 2018					
277,746	259,566	24/Dec/2015	170,689	22/Jan/2016	4th Quarter 2018					
204,231	196,057	27/Apr/2016	151,483	24/Jun/2016	3rd Quarter 2018					
327,980	327,980	25/May/2016	204,240	15/Jun/2016	4th Quarter 2018	78,362	2nd Quarter 2017	3rd Quarter 2017	3rd Quarter 2019	
251,117	241,194	19/Jun/2008	224,896	31/Dec/2014	4th Quarter 2018	1,114,565	1st Quarter 2017	1st Quarter 2017	4th Quarter 2021	
264,882	264,882	29/Feb/2016	190,197	15/Jun/2016	2nd Quarter 2018					
549,017	544,256	29/Apr/2016	277,385	22/Jun/2016	2nd Quarter 2019					
118,877	116,874	24/May/2016	68,599	24/Jun/2016	2nd Quarter 2018					
574,060	562,604	24/Jul/2013	372,946	10/Dec/2014	2nd Quarter 2019	113,730	2nd Quarter 2017	3rd Quarter 2017	4th Quarter 2020	3,292
244,422	198,540	18/Nov/2015	156,451	26/Apr/2016	4th Quarter 2018	9,655	2nd Quarter 2017	3rd Quarter 2017	2nd Quarter 2019	
263,985	260,984	11/Mar/2016	257,601	28/Apr/2016	3rd Quarter 2018	678	3rd Quarter 2017	–	3rd Quarter 2018	

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Serial number	Project	City (District)	Aggregate GFA for entire project	Interest attributable to the Company	Completed property developments[1]				
					Completed GFA	Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	Completion date
			sq.m.	(%)	sq.m.	sq.m.	sq.m.	sq.m.	
23	Country Garden – Times City (碧桂園•時代城)	Langfang (Sanhe)	228,898	53%					
24	Shaoguan Country Garden – Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,888,890	100%	1,399,054	1,349,629	1,328,960	5,391	30/Dec/2016
25	Country Garden – Jade Bay – Phases One to Three (碧桂園•翡翠灣 – 一至三期)	Suzhou (Zhangjiagang)	298,005	60%					
26	Country Garden – Eco City (碧桂園•生態城)	Luzhou (Jiangyang)	1,651,161	51%	213,921	213,505	157,165	22,029	22/Nov/2016
27	Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	1,996,534	100%	1,470,467	1,411,492	1,358,653		19/Dec/2016
28	Country Garden – Europe City (碧桂園•歐洲城)	Chuzhou (Nanqiao)	1,932,916	100%	1,051,260	985,644	964,147		20/Dec/2016
29	Country Garden – Shanghai Phoenix City (碧桂園•上海鳳凰城)	Suzhou (Taicang)	356,380	43%					
30	Sanming Country Garden (三明碧桂園)	Sanming (Meilie)	1,127,659	100%	647,815	632,275	609,060		30/Dec/2016
31	Country Garden – Century City (碧桂園•世紀城邦)	Zhenjiang (Jurong)	399,218	100%					
32	Xinhui Country Garden – Phases One to Eight (新會碧桂園 – 一至八期)	Jiangmen (Xinhui)	1,530,509	100%	1,123,247	1,100,608	1,100,608	–	24/Nov/2016
33	Country Garden – The Cullinan (碧桂園•天璽)	Handan (Congtai)	284,714	85%					
34	Country Garden Guilan Hill 碧桂園桂瀾山	Foshan (Shunde)	199,880	100%					
35	Country Garden – Ten Miles Riverside (碧桂園•十里江灣)	Fuzhou (Minhou)	154,304	47%					
36	Changshu Country Garden – Boyue Mansion (常熟碧桂園•柏悅華府)	Suzhou (Changshu)	124,829	85%					
37	Country Garden Jade Hill (碧桂園翡翠山)	Huizhou (Dayawan)	752,278	50%					
38	Country Garden Daming Mansion (碧桂園大名府)	Nantong (Qidong)	501,093	84%	23,769	23,769	16,526		21/Apr/2016
39	Humen Country Garden (虎門碧桂園)	Dongguan (Humen)	288,440	94%					
40	Country Garden – College Impression (碧桂園•大學印象)	Zhenjiang (Jurong)	491,463	75%					
41	Country Garden – Gui'an One (碧桂園貴安•1號)	Guiyang (Gui'an)	397,151	100%					
42	Country Garden – Fairyland (碧桂園•湖光山色)	Nanjing (Jiangning)	178,857	85%					
43	Huayao Country Garden – Ten Miles Riverside (華耀碧桂園•十里江灣)	Hengyang (Shigu)	1,066,030	60%					

Properties under development[2]						Properties for future development[3]				
GFA under development	Total saleable GFA under development	Actual commencement date	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land grant contracts
sq.m.	sq.m.		sq.m.			sq.m.				
228,898	225,953	21/Dec/2015	107,275	30/Mar/2016	1st Quarter 2019					
512,990	507,392	28/Dec/2009	179,259	11/Dec/2015	4th Quarter 2019	1,976,846	2nd Quarter 2017	4th Quarter 2017	4th Quarter 2024	
235,178	230,774	19/Feb/2016	150,525	8/Apr/2016	4th Quarter 2018	62,827	1st Quarter 2017	2nd Quarter 2017	1st Quarter 2019	
801,755	796,452	14/Jun/2013	421,651	27/Dec/2013	2nd Quarter 2019	570,510	1st Quarter 2017	2nd Quarter 2017	4th Quarter 2020	64,975
255,908	238,225	27/Jun/2008	75,734	23/Mar/2016	4th Quarter 2018	270,159	1st Quarter 2017	3rd Quarter 2017	4th Quarter 2019	
291,143	242,913	28/Oct/2015	113,608	28/Oct/2015	4th Quarter 2018	590,513	2nd Quarter 2017	3rd Quarter 2017	4th Quarter 2021	
287,344	277,360	27/Apr/2016	192,456	13/May/2016	2nd Quarter 2018	69,036	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	
340,764	253,078	27/Jan/2014	126,432	21/Feb/2014	4th Quarter 2018	139,080	1st Quarter 2017	2nd Quarter 2017	1st Quarter 2020	
352,107	346,575	30/Dec/2015	275,910	30/Dec/2015	4th Quarter 2018	47,111	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	
275,369	273,392	29/Jul/2015	216,510	30/Sep/2015	4th Quarter 2018	131,893	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	
284,714	283,343	31/Aug/2016	210,391	30/Sep/2016	4th Quarter 2018					
199,880	197,909	28/Oct/2015	157,026	18/Jan/2016	4th Quarter 2018					
154,304	148,792	17/Dec/2015	112,357	22/Mar/2016	3rd Quarter 2018					
124,829	118,772	22/Mar/2016	108,296	29/Apr/2016	2nd Quarter 2018					
117,275	114,383	1/Jun/2016	110,683	5/Aug/2016	4th Quarter 2018	635,003	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2020	
168,811	154,025	8/Jul/2016	122,072	27/Jul/2016	4th Quarter 2018	167,003	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	141,510
288,440	277,499	5/Feb/2016	75,937	4/Jun/2016	2nd Quarter 2018					
235,830	232,185	4/Jul/2016	156,540	22/Jul/2016	4th Quarter 2018	255,633	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2020	
277,748	258,123	6/May/2016	236,338	14/Jun/2016	3rd Quarter 2018	119,403	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	
134,919	133,237	1/Feb/2016	66,578	29/Apr/2016	2nd Quarter 2018	43,938	1st Quarter 2017	3rd Quarter 2017	4th Quarter 2018	
612,856	600,809	8/Sep/2015	273,952	8/Sep/2015	2nd Quarter 2019	453,174	2nd Quarter 2017	4th Quarter 2017	4th Quarter 2019	

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Serial number	Project	City (District)	Aggregate GFA for entire project	Interest attributable to the Company	Completed property developments[1]				
					Completed GFA	Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	Completion date
			sq.m.	(%)	sq.m.	sq.m.	sq.m.	sq.m.	
44	Country Garden – Grand Mansion (碧桂園•華府)	Foshan (Nanhai)	222,411	51%	146,513	133,472	129,335	73	30/Oct/2016
45	Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	995,717	100%	797,346	750,517	748,272	155	16/Dec/2016
46	Country Garden Hill Lake City (碧桂園山湖城)	Qingyuan (Qingcheng)	1,573,914	100%	593,654	583,718	560,580		30/Dec/2016
47	Country Garden CR – Glory City (碧桂園華潤•新城之光)	Foshan (Shunde)	330,388	35%					
48	Shengze Country Garden – including Times City (盛澤碧桂園(含時代城))	Suzhou (Wujiang)	633,918	60%					
49	Country Garden – Xianlindong County (碧桂園•仙林東郡)	Zhenjiang (Jurong)	243,618	43%	125,334	125,334	112,823	805	19/Dec/2016
50	Country Garden – Jiayu (碧桂園•嘉譽)	Shanghai (Jiading)	75,638	49%					
51	Country Garden – Park Palace (碧桂園•公園上城)	Huizhou (Dayawan)	752,164	54%					
52	Country Garden – Century City (碧桂園•世紀城)	Suzhou (Kunshan)	366,887	90%					
53	Country Garden East Coast (碧桂園東海岸)	Qionghai (Boao)	1,059,044	43%	125,784	113,956	102,535	6,285	30/Dec/2016
54	Country Garden – Cullinan Bay (碧桂園•天璽灣)	Quanzhou (Fengze)	399,387	46%					
55	Country Garden – Guanting Lake (碧桂園•官廳湖)	Zhangjiakou (Huailai)	171,989	47%	34,611	34,611		34,611	25/Dec/2016
56	Country Garden – Dexin Mansion (碧桂園•德信公館)	Quzhou (Kecheng)	105,871	47%					
57	Country Garden – Grand Mansion (碧桂園•華府)	Foshan (Shunde)	361,552	48%					
58	Country Garden – Phoenix Bay (碧桂園•鳳凰灣)	Foshan (Shunde)	2,725,219	42%					
59	Country Garden – Bay One (碧桂園•海灣1號)	Guangzhou (Nansha)	171,847	95%					
60	Lujiang Country Garden (廬江碧桂園)	Hefei (Lujiang)	203,721	85%					
61	Country Garden – Phoenix Bay – Phases One & Two (碧桂園•鳳凰灣 – 一二期)	Xinxiang (Pingyuan)	840,284	92%	60,087	41,966	41,887	79	25/Nov/2016
62	Jintan Country Garden (金壇碧桂園)	Changzhou (Jintan)	414,630	90%	125,398	120,475	117,388	403	23/Dec/2016
63	Country Garden Taifu International (碧桂園泰富國際)	Wuhan (Caidian)	389,358	20%					
64	Liuzhou Country Garden (柳州碧桂園)	Liuzhou (Chengzhongqu)	222,137	93%	16,106	16,106	16,106		21/Dec/2016
65	Country Garden Xijiangyue (碧桂園西江月)	Hangzhou (Gongshu)	50,825	94%					
66	Country Garden – Cullinan Bay (碧桂園•天璽灣)	Nantong (Tongzhou)	445,879	100%	218,937	207,675	184,682	142	26/May/2016

Properties under development[2]						Properties for future development[3]				
GFA under development	Total saleable GFA under development	Actual commencement date	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land grant contracts
sq.m.	sq.m.		sq.m.			sq.m.				
75,898	66,769	30/Apr/2014	66,671	8/Apr/2016	4th Quarter 2017					
197,717	189,444	28/Nov/2011	187,644	30/Jun/2015	2nd Quarter 2018	654	2nd Quarter 2017	–	2nd Quarter 2018	
242,126	240,288	6/Mar/2014	102,523	11/Dec/2015	4th Quarter 2018	738,134	2nd Quarter 2017	4th Quarter 2017	4th Quarter 2021	
330,388	324,136	2/Feb/2016	112,793	4/Aug/2016	2nd Quarter 2019					
261,055	254,954	25/Feb/2016	146,183	13/Apr/2016	4th Quarter 2018	372,863	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	
118,284	113,569	30/Oct/2014	106,256	14/Nov/2014	2nd Quarter 2018					
75,638	73,112	12/Jan/2016	50,533	24/Jun/2016	4th Quarter 2017					
406,167	406,167	12/Aug/2016	98,764	8/Sep/2016	4th Quarter 2019	345,997	1st Quarter 2017	2nd Quarter 2017	4th Quarter 2020	
230,535	225,100	29/Apr/2016	104,301	2/Aug/2016	4th Quarter 2018	136,352	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	
337,368	318,425	29/Sep/2014	90,775	27/Jan/2016	2nd Quarter 2019	458,463	2nd Quarter 2017	4th Quarter 2017	2nd Quarter 2020	137,429
214,005	199,147	14/Sep/2016	136,454	27/Sep/2016	4th Quarter 2018	185,382	1st Quarter 2017	2nd Quarter 2017	4th Quarter 2019	
137,378	137,378	1/Sep/2015	129,798	9/Sep/2015	4th Quarter 2018					
105,871	105,871	31/Aug/2016	97,558	3/Nov/2016	4th Quarter 2018					
361,552	360,055	30/Sep/2015	173,854	16/Dec/2015	4th Quarter 2018					
255,126	245,026	27/Apr/2016	174,470	10/Aug/2016	4th Quarter 2018	2,330,375	2nd Quarter 2017	3rd Quarter 2017	4th Quarter 2022	139,718
171,847	167,118	13/Jan/2016	79,128	8/Jun/2016	3rd Quarter 2018					
203,721	200,625	11/Dec/2015	199,232	27/Dec/2015	2nd Quarter 2018					
296,379	233,917	29/Oct/2015	182,573	30/Oct/2015	4th Quarter 2018	483,818	1st Quarter 2017	2nd Quarter 2017	4th Quarter 2019	
186,408	178,840	11/Jun/2015	166,891	28/Aug/2015	4th Quarter 2018					102,824
242,859	241,888	29/Jun/2016	95,919	11/Oct/2016	4th Quarter 2018	146,499	2nd Quarter 2017	4th Quarter 2017	4th Quarter 2019	
178,418	178,418	9/Mar/2016	105,806	25/Mar/2016	2nd Quarter 2018	27,613	1st Quarter 2017	1st Quarter 2017	1st Quarter 2019	
50,825	44,637	28/Apr/2016	33,788	26/Jun/2016	2nd Quarter 2018					
226,942	217,783	23/Dec/2014	126,690	19/Aug/2015	3rd Quarter 2018					

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Serial number	Project	City (District)	Aggregate GFA for entire project	Interest attributable to the Company	Completed property developments[1]				
					Completed GFA	Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	Completion date
			sq.m.	(%)	sq.m.	sq.m.	sq.m.	sq.m.	
67	Vanke Country Garden Jinyu Bay (萬科碧桂園金域瀾灣)	Shanghai (Pudong)	158,924	25%					
68	Country Garden – Xijiang Mansion – Phases One & Two (碧桂園•西江禦府 – 一二期)	Jiangmen (Pengjiang)	354,422	51%					
69	Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	3,725,841	100%	2,398,549	2,283,941	2,255,356	5,037	20/Dec/2016
70	Wujiang – Country Garden City Plaza (五江•碧桂園城市廣場)	Loudi (Louxing)	631,927	51%					
71	Country Garden me & you (碧桂園•蜜柚)	Guangzhou (Nansha)	175,868	70%					
72	Country Garden – The Cullinan (碧桂園•天璽)	Liu'an (Yu'an)	452,566	45%					
73	Country Garden – Jade Bay (碧桂園•翡翠灣)	Quzhou (Kecheng)	102,642	65%					
74	Nantong Country Garden (南通碧桂園)	Nantong (Chengnan)	424,840	100%	315,910	308,207	288,680		20/Sep/2016
75	Linquan Country Garden (臨泉碧桂園)	Fuyang (Linquan)	326,850	60%					
76	Country Garden – Lingyu (碧桂園•領譽)	Suzhou (Changshu)	128,820	56%					
77	Country Garden – Cullinan Bay (碧桂園•天璽灣)	Nanning (Liangqing)	226,125	94%					
78	Lunjiao Country Garden (倫教碧桂園)	Foshan (Shunde)	449,710	65%					
79	Lianjiang Country Garden (廉江碧桂園)	Zhanjiang (Lianjiang)	377,072	79%					
80	Country Garden – Jade Bay – Phases One to Three (碧桂園•翡翠灣 – 一至三期)	Wuhu (Wuwei)	534,921	100%	450,690	442,055	436,432		29/Dec/2016
81	Tianshui Country Garden (天水碧桂園)	Tianshui (Taizhou)	455,010	100%					
82	Country Garden Park Court (碧桂園公園里)	Shenyang (Dongling)	707,219	100%	270,238	264,274	208,297	7,370	25/Oct/2016
83	Qingxi Country Garden (清溪碧桂園)	Dongguan (Qingxi)	120,628	100%	12,072	12,072	11,844		22/Dec/2016
84	Xingtai Country Garden (邢台碧桂園)	Xingtai (Xingtai)	558,223	94%	80,685	80,308	80,308		28/Dec/2016
85	Country Garden – Institution One (碧桂園•學府壹號)	Wuhan (Caidian)	242,964	91%					
86	Country Garden – Haichang Tianlan (碧桂園•海昌天瀾)	Tianjin (Binhai New Area)	411,768	51%	59,472	57,248	53,923	671	24/Jun/2016
87	Country Garden – Jade County (碧桂園•翡翠郡)	Handan (Hanshan)	184,714	80%					
88	Country Garden – City Garden (碧桂園•城市花園)	Changsha (tianxinqu)	292,977	51%	292,977	290,426	251,684	17,648	8/Sep/15
89	Country Garden Huaxi One 碧桂園花溪壹號	Guiyang (Huaxi)	223,452	91%					
90	Country Garden Forest One (碧桂園天麓1號)	Qiannanzhou (Longli)	271,858	50%	41,607	41,607	36,488		16/Dec/2016
91	Fuzhou Country Garden – Times City (福州碧桂園•時代城)	Fuzhou (Jin'an)	53,588	63%					

Properties under development[2]						Properties for future development[3]				
GFA under development	Total saleable GFA under development	Actual commencement date	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land grant contracts
sq.m.	sq.m.		sq.m.			sq.m.				
158,924	114,584	31/May/2016	40,733	17/Sep/2016	4th Quarter 2018					
354,422	346,214	5/Nov/2015	157,181	28/Jan/2016	2nd Quarter 2019					
391,207	374,986	17/Jan/2007	23,304	30/Sep/2015	2nd Quarter 2019	703,184	2nd Quarter 2017	4th Quarter 2017	4th Quarter 2022	232,901
489,750	483,633	30/Apr/2015	178,651	13/May/2016	1st Quarter 2019	142,177	3rd Quarter 2017	2nd Quarter 2018	2nd Quarter 2020	
175,868	170,443	27/Apr/2016	75,839	5/Aug/2016	3rd Quarter 2018					
250,104	250,104	12/Aug/2016	175,193	19/Aug/2016	4th Quarter 2018					202,462
97,384	96,303	25/Feb/2016	94,803	28/May/2016	1st Quarter 2018	5,258	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2018	
108,930	105,673	15/Oct/2015	105,291	22/Oct/2015	2nd Quarter 2018					
326,850	322,288	21/Jun/2016	187,437	24/Jun/2016	1st Quarter 2019					
128,820	125,441	4/Dec/2015	125,441	21/Jan/2016	2nd Quarter 2018					
215,343	186,612	24/Mar/2016	114,338	6/Apr/2016	4th Quarter 2018	10,782	1st Quarter 2017	2nd Quarter 2017	1st Quarter 2019	
449,710	445,850	25/Aug/2016	82,745	25/Nov/2016	4th Quarter 2019					
231,613	231,613	2/Feb/2016	155,524	22/Apr/2016	2nd Quarter 2018	145,459	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	
84,231	78,686	30/Jun/2014	69,323	5/Jun/2015	1st Quarter 2018					
328,256	323,524	9/Sep/2016	118,639	15/Sep/2016	2nd Quarter 2019	126,754	1st Quarter 2017	2nd Quarter 2017	4th Quarter 2019	
176,614	172,780	31/Jul/2015	93,960	28/Aug/2015	4th Quarter 2018	260,367	2nd Quarter 2017	3rd Quarter 2017	1st Quarter 2020	
108,556	105,484	15/Mar/2016	33,805	24/Jun/2016	1st Quarter 2018					
206,170	198,982	29/Sep/2015	130,323	30/Sep/2015	1st Quarter 2019	271,368	2nd Quarter 2017	3rd Quarter 2017	4th Quarter 2019	
239,314	236,908	25/Jan/2016	166,936	29/Jan/2016	4th Quarter 2018	3,650	2nd Quarter 2017	3rd Quarter 2017	2nd Quarter 2019	
131,996	126,822	24/Jul/2015	63,406	18/Sep/2015	4th Quarter 2018	172,072	2nd Quarter 2017	3rd Quarter 2017	1st Quarter 2020	48,228
184,714	183,323	15/Jun/2016	144,826	17/Jun/2016	4th Quarter 2018					
223,452	223,452	29/Apr/2016	160,301	23/Jun/2016	4th Quarter 2018					
146,396	146,396	22/Oct/2015	114,200	23/Oct/2015	1st Quarter 2018	83,855	1st Quarter 2017	2nd Quarter 2017	4th Quarter 2018	
53,588	53,092	6/Apr/2016	40,162	18/Jun/2016	2nd Quarter 2018					

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Serial number	Project	City (District)	Aggregate GFA for entire project	Interest attributable to the Company	Completed property developments[1]				
					Completed GFA	Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	Completion date
			sq.m.	(%)	sq.m.	sq.m.	sq.m.	sq.m.	
92	Huaxi Country Garden – Phases One & Two (花溪碧桂園 – 一二期)	Guiyang (Huaxi)	913,930	100%	456,448	444,041	417,338	1,658	19/Dec/2016
93	Country Garden – Haichang Star Phase Four (碧桂園•海昌之星四期)	Wuhan (Dongxihu Area)	579,099	51%	338,219	316,561	315,021	1,248	6/Jan/2016
94	Taiyuan Country Garden (太原碧桂園)	Taiyuan (Xiaodian)	185,473	51%					
95	Country Garden Royal Park (碧桂園禦園)	Yichang (Dianjun)	375,116	92%	9,949	9,919	9,919		23/Dec/2016
96	Taicang Xincheng Country Garden (太倉新城碧桂園)	Suzhou (Taicang)	187,221	92%					
97	Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	1,220,108	100%	996,824	961,258	945,690	2,098	15/Dec/2016
98	Country Garden – Phoenix City (碧桂園•鳳凰城)	Ji'nan (Zhangqiu)	601,061	100%	289,289	274,491	267,685	968	30/Oct/2014
99	Ningbo Yinzhou Wetland Park Project (寧波鄞州濕地公園項目)	Ningbo (Yinzhou)	115,713	67%					
100	Country Garden – Grand Mansion (碧桂園•華府)	Foshan (Sanshui)	136,765	94%					

Overseas project details

Serial number	Project	City (District)	Aggregate GFA for entire project	Interest attributable to the Company	Completed property developments[1]				
					Completed GFA	Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	Completion date
			sq.m.	(%)	sq.m.	sq.m.	sq.m.	sq.m.	
1	Serendah Project (雙文丹項目)	Selangor (Serendah)	293,771	55%					
2	Country Garden Diamond City (碧桂園鑽石城)	Selangor (Semenyih)	632,327	55%	139,606	133,357	103,077	454	29/Nov/2016
3	Country Garden Danga Bay (碧桂園金海灣)	Johor (Johor Bahru)	1,821,999	100%					
4	Ryde Garden (Sydney) (碧桂園悉尼萊德花園)	Sydney (Ryde)	68,061	100%					
5	Bali Project (巴厘島項目)	Bali (Kabupaten Badung)	179,597	65%					
6	Country Garden Forest City (碧桂園森林城市)	Johor (Iskandar)		60%					

Notes:

1 Based on the measurement reports from relevant government departments.

2 Based on the actual measurements by the project management departments of the Group.

3 "GFA for future development" for each project is the GFA expected to be built.

(1), (2), (3) had obtained land use right certificates, development and operation rights or land titles.

Properties under development[2]						Properties for future development[3]				
GFA under development	Total saleable GFA under development	Actual commencement date	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land grant contracts
sq.m.	sq.m.		sq.m.			sq.m.				
249,101	227,612	29/Oct/2013	115,391	9/Nov/2013	4th Quarter 2018	208,381	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	
143,786	142,142	27/Mar/2015	84,078	8/Sep/2015	4th Quarter 2018	97,094	1st Quarter 2017	3rd Quarter 2017	2nd Quarter 2019	
95,555	95,152	27/Apr/2016	93,394	23/Jun/2016	2nd Quarter 2018	89,918	1st Quarter 2017	2nd Quarter 2017	1st Quarter 2019	
234,851	233,538	5/Jan/2016	109,628	29/Apr/2016	4th Quarter 2018	130,316	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	
187,221	171,990	13/Aug/2015	168,048	6/Nov/2015	2nd Quarter 2018					
79,854	78,608	18/Dec/2015	78,284	28/Mar/2016	3rd Quarter 2017	32,338	2nd Quarter 2017	–	4th Quarter 2018	111,092
103,605	99,003	30/Jul/2012	28,092	1/Jun/2016	2nd Quarter 2018	208,167	2nd Quarter 2017	3rd Quarter 2017	4th Quarter 2019	
76,114	76,114	18/Mar/2016	39,199	24/Jun/2016	1st Quarter 2018	39,599	1st Quarter 2017	2nd Quarter 2017	1st Quarter 2019	
136,765	131,876	13/Oct/2015	124,912	20/Nov/2015	4th Quarter 2018					

Properties under development[2]						Properties for future development[3]				
GFA under development	Total saleable GFA under development	Actual commencement date	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date	GFA for future development with land grant contracts
sq.m.	sq.m.		sq.m.			sq.m.				
						293,771	3rd Quarter 2017	2nd Quarter 2018	4th Quarter 2019	
280,958	243,332	4/Jul/2013	2,109	22/Apr/2016	4th Quarter 2018	211,763	2nd Quarter 2017	4th Quarter 2017	4th Quarter 2020	
1,821,999	1,023,001	4/Jul/2013	540,420	6/Aug/2013	4th Quarter 2017					
68,061	63,190	28/Jun/2014	53,366	28/Jun/2014	4th Quarter 2018					
						179,597	1st Quarter 2017	2nd Quarter 2017	2nd Quarter 2019	

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Landbank breakdown by location

		Completed property developments[1]				Properties under development[2]			Properties for future development[3]	
Location	Aggregate GFA for entire project	Completed GFA	Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	GFA under development	Total saleable GFA under development	Total saleable GFA pre-sold	GFA for future development	GFA for future development with land grant contracts
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Guangdong	110,410,295	49,821,714	47,163,354	46,052,163	184,384	19,373,571	18,576,608	7,105,055	33,185,225	8,029,785
Jiangsu	28,740,662	8,653,247	8,306,602	7,758,819	16,709	8,552,084	8,147,067	5,013,240	8,575,927	2,959,404
Anhui	20,740,931	11,139,210	10,634,828	10,044,243	7,441	3,987,832	3,850,327	2,097,065	3,932,335	1,681,554
Hubei	15,405,920	6,481,329	6,287,767	6,041,007	54,990	2,963,444	2,850,563	1,354,773	3,819,869	2,141,278
Hunan	12,660,784	5,469,750	5,304,712	4,951,099	66,284	3,795,801	3,737,730	1,526,699	2,742,572	652,661
Liaoning	9,531,373	5,729,874	5,547,655	5,093,669	19,874	1,416,257	1,393,141	611,751	2,250,353	134,889
Henan	7,454,441	834,957	795,771	636,770	37,538	2,100,351	1,972,248	1,021,943	3,519,788	999,345
Fujian	6,375,749	1,873,998	1,815,810	1,631,623	2,407	1,881,895	1,736,109	670,089	1,900,079	719,777
Guangxi	5,895,074	1,017,266	997,761	877,761	20,557	2,287,134	2,210,970	1,004,149	1,619,401	971,273
Zhejiang	5,595,414	1,870,854	1,814,273	1,502,362	6,726	2,000,249	1,929,621	788,243	813,420	910,891
Shandong	5,405,873	2,062,627	2,019,815	1,640,898	28,409	1,114,274	1,082,272	245,288	1,928,625	300,347
Guizhou	5,243,543	779,268	762,962	692,330	2,785	1,960,188	1,909,938	995,343	1,334,356	1,169,731
Inner Mongolia	4,630,088	1,574,691	1,530,025	1,406,023	4,176	267,721	264,709	53,081	2,787,676	–
Sichuan	4,541,022	1,375,416	1,344,765	1,224,273	26,354	1,785,346	1,766,550	818,399	1,049,284	330,976
Hebei	4,520,675	480,134	473,291	378,270	55,996	2,638,830	2,579,758	1,757,822	708,116	693,595
Hainan	4,241,445	1,127,782	1,084,154	988,865	8,627	1,486,254	1,426,885	385,924	1,272,230	355,179
Gansu	3,467,177	922,643	922,145	844,208	5,150	1,657,416	1,634,297	915,043	887,118	–
Chongqing	3,343,769	1,337,486	1,293,989	1,219,871	226	727,475	701,074	124,036	563,316	715,492
Tianjin	2,664,089	977,859	921,957	916,301	826	688,695	389,278	281,933	949,307	48,228
Jiangxi	2,461,700	876,846	860,008	754,603	11,965	660,770	609,266	265,693	357,659	566,425
Shaanxi	1,936,788	355,245	355,106	313,869	167	461,906	457,617	123,993	936,892	182,745
Shanghai	792,812	–	–	–	–	547,716	414,764	92,607	245,096	–
Shanxi	770,777	70,341	69,614	23,969	9,027	220,533	219,559	110,365	382,134	97,769
Yunnan	730,789	183,272	180,321	135,307	9,385	338,509	329,470	72,537	107,229	101,779
Heilongjiang	479,478	387,682	373,719	330,248	341	44,875	42,645	4,926	46,921	–
Jilin	366,993	195,659	195,659	79,896	1,510	53,255	49,151	3,145	118,079	–
Qinghai	265,108	–	–	–	–	178,337	178,337	59,745	86,771	–
Beijing	177,027	–	–	–	–	–	–	–	177,027	–
Total of China	268,849,796	105,599,150	101,056,063	95,538,447	581,854	63,190,718	60,459,954	27,502,887	76,296,805	23,763,123
Malaysia	2,748,097	139,606	133,357	103,077	454	2,102,957	1,266,333	542,529	505,534	–
Indonesia	179,597	–	–	–	–	–	–	–	179,597	–
Australia	68,061	–	–	–	–	68,061	63,190	53,366	–	–
Total of Oversea (excluding Forest City)	2,995,755	139,606	133,357	103,077	454	2,171,018	1,329,523	595,895	685,131	–
Total of the Group (excluding Forest City)	271,845,551	105,738,756	101,189,420	95,641,524	582,308	65,361,736	61,789,477	28,098,782	76,981,936	23,763,123

Notes:

1 Based on the measurement reports from relevant government departments.

2 Based on the actual measurements by the project management departments of the Group.

3 "GFA for future development" is the GFA expected to be built.

(1), (2), (3) had obtained land use right certificates, development and operation rights or land titles.

Country Garden — Jade Mansion

Jurong, Zhenjiang City, Jiangsu Province

Target market: Nanjing City

Located at Baohua Town in Jurong City, **Country Garden — Jade Mansion** enjoys convenient transport facilities. It takes only 40 minutes' drive from the project to Xinjiekou business circle, the core business circle of Nanjing City, with a distance of 32 km, and a 5 minute drive to Jingtianlu Station of the Subway Line 2, with a distance of 4 km. The surrounding areas are endowed with rich natural landscape resources, such as the Baohua Maintain National Forest Park and Fairy Lake, etc.

The project has a total site area of 159,030 sq.m, with an expected GFA of 406,342 sq.m. The project offers various types of products, including condos of 10-33 stories, and retail shops.

The project was launched on 25 June, 2016. In 2016, the GDV launched for sale was RMB2.21 billion and the contracted sales was RMB2.17 billion, with a sell-through of 98%.

Fuyang Country Garden

Yingquan County, Fuyang City, Anhui Province

Target market: Fuyang City

Located at the town centre of Fuyang City, **Fuyang Country Garden** has a stereo-traffic network connecting all parts of the city. It enjoys clear geographical advantages with only 5 minutes from the project to the urban complex under development, and adjacent to the Fuyang Fifth People's Hospital, the north bus station, a 4-star hotel and quality primary school under government plan, as well as comprehensive facilities within a living radius of 2 km.

The project has a total site area of 107,534 sq.m, with an expected GFA of 281,982 sq.m. The project offers various types of products, including semi-detached villas, condos and retail shops.

The project was launched on 30 April, 2016. In 2016, the GDV launched for sale was RMB2.04 billion and the contracted sales was RMB2.03 billion, with a sell-through of 99%.

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Jieyang Country Garden

Jiedong District, Jieyang City, Guangdong Province

Target market: Jieyang City

Located at the Feiying Mountain Ecological Zone in Jiedong New Town in Jieyang City, **Jieyang Country Garden** is adjacent to Chaozhou City and Shantou City, endowed with tremendous potential for development. Backed by Feiying Mountain, the project is adjacent to some key primary schools, including Jiedong Second Middle School, Jiedong First Middle School and the Experimental School. On the north, it faces to Putian Town Exit of Shantou–Kunming Expressway. It takes only a 5 minute drive from the project to the main area of Jiedong, and 15 minutes' drive to the main urban area of Jieyang City.

The project has a total site area of 274,845 sq.m, with an expected GFA of 549,017 sq.m. The project offers various types of products, including semi-detached villas, condos and retail shops.

The project was launched on 24 July, 2016. In 2016, the GDV launched for sale was RMB2.37 billion, and the contracted sales was RMB2.13 billion, with a sell through of 90%.

Country Garden — Jiayu

Jiading District, Shanghai City

Target market: Shanghai City

Country Garden – Jiayu lies in the junction of Chengliu Highway and Qiyue Highway in Xuxingzhen, Jiading District, Shanghai City. The project has convenient transportation. It takes only an 8 minute drive to Jiading North Station of the rail transit line 11, and has Shanghai–Jiading Expressway in its immediate vicinity, with about 20 minutes' drive to the most prosperous regions in Shanghai. The project is surrounded by plant and tourism resources, including Huilongtan Park, New City Park, and Lotus Park. The project has effectively improved the community greening rate, with a plot ratio of 1.2 plus vertical greening.

The project has a total site area of 62,443 sq.m, with an expected GFA of 75,638 sq.m. The project offers two types of products, including small high-rises and retail shops.

The project was launched on 25 June, 2016. In 2016, the GDV launched for sale was RMB1.90 billion, and the contracted sales was RMB1.48 billion, with a sell through of 78%.

Songhu Country Garden

Dalingshan Town, Dongguan City, Guangdong Province

Target market: Shenzhen City

Located at center of Songshan Lake and nearby Keyuan Road at the back door of Guangdong Medical College, **Songhu Country Garden** enjoys rich ecologic and natural resources. The project is at some distance away from the woodland nearby Keyuan Road and to the south, it faces the Shanghai Second People's Hospital under development. The project is adjacent to the established high-end facilities within Songshanhu. It is 20 km away from the central part of the Dongguan Municipal Government, 1.5 km away from Songshanhu Station of the light rail in Dongguan, and directly connected with Shenzhen Metro Line 6.

The project has a total site area of 108,565 sq.m, with an expected GFA of 361,305 sq.m. The project offers two types of products, including condos and retail shops.

The project was launched on 26 March, 2016. In 2016, the GDV launched for sale was RMB3.49 billion, and the contracted sales was RMB3.35 billion, with a sell through of 96%.

Country Garden Eco City — Left Bank

Hongshan District, Wuhan City, Hubei Province

Target market: Wuhan City

Located at the intersection of Huashan Avenue and Huacheng Avenue in Hongshan District, Wuhan City, **Country Garden Eco City — Left Bank** has convenient transportation. It is a 10 minutes drive to the "Optical Valley New Center" and a 15 minute drive to key business circles, such as Xudong and Wuhan Optics Valley. The project has huge potential for development. It is close to the Affiliated Primary School of East China Normal University, and a super 5-star hotel, Hilton Hotel. The nearby Huashanhe Project, an upgrade of Chuhe Hanjie Project (楚河漢街), is expected to be launched in 2017 and the Huashan Port with 17 berths has been put into operation.

The project has a total site area of 145,800 sq.m, with an expected GFA of 331,038 sq.m. The project offers two types of products, i.e., condos and retail shops.

The project was launched on 19 March, 2016. In 2016, the GDV launched for sale was RMB2.78 billion, and the contracted sales was RMB2.78 billion, with a sell through of 100%.

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Country Garden Forest City

Johor, Malaysia

Target market: Global

Located at Iskandar Malaysia, **Country Garden Forest City** is adjacent to the Singapore-Malaysia Second Link and faces Singapore across the sea. Its strategic vision is to create itself into the "economic integration link between Iskandar and Singapore", "Pan Asia Pacific economic and trade integration base in Southeast Asia" and "model of the global future green and smart cities" via "city industry integration" and "city innovation" to realize the sustainable development.

Forest City has a planned area of 20 sq.km, with an expected total development period of 20 years. It is a freehold project supported by favourable policy package.

The China press conference of Forest City was held on 18 December 2015 and the global press conference was held on 22 January 2016 in Singapore, and the global grand launch was held in Malaysia on 6 March, 2016.

For more details of Forest City, please visit www.forestcitycgpv.com.

Investment Properties

To further tap the value of its commercial properties, in late 2013, the Group set up a wholly owned subsidiary Guangzhou Country Garden Commercial Management Company Limited, which is responsible for the strategic planning and management of the Group's large-size commercial properties as well as community commercial properties. As of 31 December 2016, the Group's investment property GFA is approximately 1,198,417 sq.m., with a fair value of approximately RMB9.77 billion, of which completed GFA is approximately 985,723 sq.m. with a fair value of approximately RMB8.28 billion; GFA under development is approximately 212,695 sq.m., with a fair value of approximately RMB1.49 billion. The top ten investment properties are as follow:

			Completed properties			Property under development	
Project	City (District)	GFA of investment properties (sq.m.)	community stores (sq.m.)	Large commercial centers (sq.m.)	Apartments (sq.m.)	community stores (sq.m.)	Large commercial centers (sq.m.)
Country Garden – Phoenix City (碧桂園•鳳凰城)	Zhenjiang (Jurong)	157,943	2,365	155,578			
Country Garden – Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	99,483	15,916	76,724		6,843	
Shunde Country Garden – including Country Garden West Court (順德碧桂園(含碧桂園西苑))	Foshan (Shunde)	84,206	50,604			33,602	
Country Garden Center One (碧桂園壹中心)	Tianjin (Wuqing)	78,825				78,825	
Zhaoqing Lanling Residence (肇慶藍領公寓)	Zhaoqing (Gaoxin)	58,136			58,136		
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	42,151	42,151				
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	36,043	36,043				
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	35,115	35,115				
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	34,360	34,360				
Country Garden – Grand Mansion (碧桂園•華府)	Foshan (Nanhai)	32,771	11,721			21,050	

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Development Status of Hotel Properties

The Group has developed and currently operated 8 five-star hotels and 2 four-star hotels, as well as 38 hotels which have been developed to the five-star rating standard and 3 hotels which have been developed to the four-star rating standard under the "Star-Rating Standard for Tourist Hotels". In addition, the Group has 8 hotels that are under construction in accordance with the five-star rating standard and 3 hotels that is under construction in accordance with the four-star rating standard of the "Star-Rating Standard for Tourist Hotels".

The development status of the Group's hotel properties as at 31 December 2016 is as follow:

Name of Hotel	Location	Actual/*Estimated Opening Date	Number of Rooms	Star-rating[1]
Country Garden Holiday Resorts (順德碧桂園度假村)	Shunde Country Garden, Foshan, Guangdong Province	February 2000	201	Four-Star (in operation)
Phoenix City Hotel, Guangzhou (廣州鳳凰城酒店)	Country Garden Phoenix City, Guangzhou, Guangdong Province	November 2003	573	Five-Star (in operation)
Country Garden Holiday Islands Hotel (碧桂園假日半島酒店)	Qingyuan Holiday Islands Country Garden, Qingyuan, Guangdong Province	December 2004	225	Five-Star (in operation)
Country Garden Phoenix Hotel, Heshan (鶴山碧桂園鳳凰酒店)	Heshan Country Garden, Jiangmen, Guangdong Province	July 2005	282	Five-Star (in operation)
Country Garden Phoenix Hotel, Yangjiang (陽江碧桂園鳳凰酒店)	Yangdong Country Garden, Yangjiang, Guangdong Province	May 2007	342	Five-Star (in operation)
Country Garden Phoenix Hotel, Taishan (臺山碧桂園鳳凰酒店)	Taishan Country Garden, Jiangmen, Guangdong Province	November 2007	337	Five-Star (in operation)
Country Garden Phoenix Hot Spring Hotel, Xianning (咸寧碧桂園鳳凰溫泉酒店)	Country Garden — Hot Spring City, Xianning, Hubei Province	November 2009	328	Five-Star (in operation)
Country Garden Phoenix Hotel, Gaoming (高明碧桂園鳳凰酒店)	Gaoming Country Garden, Foshan, Guangdong Province	November 2009	336	Five-Star (in operation)
Country Garden Pheonix Hotel, Changshou, Chongqing (重慶長壽碧桂園鳳凰酒店)	Changshou Country Garden, Changshou, Chongqing Municipality	September 2010	335	Five-Star (in operation)
Country Garden Phoenix Hotel, Jingmen (荊門碧桂園鳳凰酒店)	Jingmen Country Garden, Jingmen, Hubei Province	October 2010	138	Four-Star (in operation)
Country Garden Phoenix Hotel, Wuyi (五邑碧桂園鳳凰酒店)	Wuyi Country Garden, Jiangmen, Guangdong Province	December 2005	95	According to five-star rating standard (in operation)

Name of Hotel	Location	Actual/*Estimated Opening Date	Number of Rooms	Star-rating[1]
Country Garden Phoenix Hotel, Changsha (長沙碧桂園鳳凰酒店)	Changsha Country Garden, Changsha, Hunan Province	October 2007	343	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Zhaoqing (肇慶碧桂園鳳凰酒店)	Zhaoqing Country Garden, Zhaoqing, Guangdong Province	February 2009	285	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Xinhui (新會碧桂園鳳凰酒店)	Xinhui Country Garden, Jiangmen, Guangdong Province	March 2009	374	According to five-star rating standard (in operation)
Maritim Hotel, Wuhu (蕪湖碧桂園瑪麗蒂姆酒店)	Wuhu Country Garden, Wuhu, Anhui Province	December 2010	602	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Wuhan (武漢碧桂園鳳凰酒店)	Wuhan Country Garden, Wuhan, Hubei Province	January 2011	331	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Binhu City (濱湖城碧桂園鳳凰酒店)	Country Garden Lakeside City, Hefei, Anhui Province	January 2011	336	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Huangshan (黃山碧桂園鳳凰酒店)	Huangshan Country Garden, Huangshan, Anhui Province	March 2011	378	According to five-star rating standard (in operation)
Country Garden Holiday Hotel, Shenyang (瀋陽碧桂園假日酒店)	Shenyang Country Garden, Shenyang, Liaoning Province	May 2011	50	According to five-star rating standard (in operation)
Maritim Hotel, Shenyang (瀋陽碧桂園瑪麗蒂姆酒店)	Country Garden – Galaxy Palace, Shenyang, Liaoning Province	July 2011	631	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Tianjin (天津碧桂園鳳凰酒店)	Tianjin Country Garden, Balitai, Tianjin Municipality	August 2011	249	According to five-star rating standard (in operation)

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Name of Hotel	Location	Actual/*Estimated Opening Date	Number of Rooms	Star-rating[1]
Country Garden Phoenix Hotel Shaoguan (韶關碧桂園鳳凰酒店)	Shaoguan Country Garden, Shaoguan, Guangdong Province	August 2011	335	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Suizhou (隨州碧桂園鳳凰酒店)	Suizhou Country Garden, Suizhou, Hubei Province	October 2011	378	According to five-star rating standard (in operation)
Country Garden Hill Lake Phoenix Hotel (碧桂園如山湖鳳凰酒店)	Country Garden — Hill Lake City, Maanshan, Anhui Province	November 2011	454	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Lechang (樂昌碧桂園鳳凰酒店)	Lechang Country Garden, Shaoguan, Guangdong Province	November 2011	129	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Ningxiang (寧鄉碧桂園鳳凰酒店)	Country Garden — Hill Lake Palace, Changsha, Hunan Province	December 2011	129	According to five-star rating standard (in operation)
Country Garden Europe City Phoenix Hotel (碧桂園歐洲城鳳凰酒店)	Country Garden — Europe City, Chuzhou , Anhui Province	December 2011	333	According to five-star rating standard (in operation)
Country Garden Holiday Hot Spring Hotel, Fogang (佛岡碧桂園假日溫泉酒店)	Country Garden Spring City, Qingyuan, Guangdong Province	April 2012	11	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Chizhou (池州碧桂園鳳凰酒店)	Chizhou Country Garden, Chizhou, Anhui Province	June 2012	338	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Tongliao (通遼碧桂園鳳凰酒店)	Tongliao Country Garden, Tongliao, Inner Mongolia	July 2012	321	According to five-star rating standard (in operation)
Country Garden Phoenix Hot Spring Hotel, Taizhou (泰州碧桂園鳳凰溫泉酒店)	Taizhou Country Garden, Taizhou, Jiangsu Province	July 2012	331	According to five-star rating standard (in operation)

Name of Hotel	Location	Actual/*Estimated Opening Date	Number of Rooms	Star-rating[1]
Country Garden Phoenix City Hotel (碧桂園鳳凰城酒店)	Country Garden — Phoenix City, Zhenjiang, Jiangsu Province	September 2012	334	According to five-star rating standard (in operation)
Country Garden Silver Beach Hotel (碧桂園十里銀灘酒店)	Country Garden — Ten Miles Beach, Huizhou, Guangdong Province	October 2012	336	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Chaohu (巢湖碧桂園鳳凰酒店)	Chaohu Country Garden, Hefei, Anhui Province	November 2012	336	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Anqing (安慶碧桂園鳳凰酒店)	Anqing Country Garden, Anqing, Anhui Province	December 2012	336	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Huiyang (惠陽碧桂園鳳凰酒店)	Huiyang Country Garden, Huizhou, Guangdong Province	December 2012	118	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Yunfu (雲浮碧桂園鳳凰酒店)	Yunfu Country Garden, Yunfu, Guangdong Province	March 2013	129	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Xing'anmeng (興安盟碧桂園鳳凰酒店)	Xing'anmeng Country Garden, Xing'anmeng, Inner Mongolia	July 2013	134	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Haicheng (海城碧桂園鳳凰酒店)	Haicheng Country Garden, Anshan, Liaoning Province	December 2013	134	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Maoming (茂名碧桂園鳳凰酒店)	Country Garden City Garden, Maoming, Guangdong Province	January 2014	199	According to five-star rating standard (in operation)
Country Garden Golden Beach Hotel, Hainan (海南碧桂園金沙灘酒店)	Country Garden — Golden Beach, Lin'gao, Hainan Province	April 2014	84	According to five-star rating standard (in operation)

BUSINESS OVERVIEW

Name of Hotel	Location	Actual/*Estimated Opening Date	Number of Rooms	Star-rating[1]
Hilton Foshan (佛山希爾頓酒店)	Country Garden City Garden, Foshan, Guangdong Province	July 2014	600	According to five-star rating standard (in operation)
Country Garden Spring Town Holiday Hotel, Hainan (碧桂園海南小城之春假日酒店)	Country Garden Spring Town, Lin'gao, Hainan Province	July 2014	113	According to four-star rating standard (in operation)
Country Garden Holiday Hotel, Meizhou (梅州碧桂園假日酒店)	Shejiang Country Garden, Meizhou, Guangdong Province	October 2014	50	According to four-star rating standard (in operation)
Country Garden Sun Palace Phoenix Hotel (碧桂園太陽城鳳凰酒店)	Shaoguan Country Garden — Sun Palace, Shaoguan, Guangdong Province	February 2015	138	According to five-star rating standard (in operation)
Country Garden Jade Bay Phoenix Hotel (碧桂園翡翠灣鳳凰酒店)	Country Garden — Jade Bay, Jiangmen, Guangdong Province	October 2015	284	According to five-star rating standard (in operation)
Country Garden Gold Beach Hotel (碧桂園十里金灘酒店)	Country Garden — Ten Miles Golden Beach, Yantai, Shandong Province	October 2015	336	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Beiliu (北流碧桂園鳳凰酒店)	Beiliu Country Garden, Yulin, Guangxi Zhuang Autonomous Region	October 2015	210	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Shenyang (瀋陽碧桂園鳳凰酒店)	Country Garden — Phoenix City, Shenyang, Liaoning Provice	November 2015	134	According to five-star rating standard (in operation)
Country Garden Holiday Hotel, Guiyang (貴陽碧桂園假日酒店)	Huaxi Country Garden, Guiyang, Guizhou Provice	November 2015	82	According to four-star rating standard (in operation)
Country Garden Phoenix Hotel, Longjiang (龍江碧桂園鳳凰酒店)	Country Garden Grand Palace, Foshan, Guangdong Province	November 2015	193	According to five-star rating standard (in operation)

Name of Hotel	Location	Actual/*Estimated Opening Date	Number of Rooms	Star-rating[1]
Hilton Wuhan Optics Valley (武漢光谷希爾頓酒店)[2]	Country Garden — Eco City, Wuhan, Hubei Province	*2017	510	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel, Zhangjiajie (張家界碧桂園鳳凰酒店)[3]	Zhangjiajie Country Garden, Zhangjiajie, Hunan province	*2017	1,047	According to five-star rating standard (under construction)
Hilton Tianjin Binhai (天津濱海希爾頓酒店)	Independent Hotel, Tanggu, Tianjin Municipality	*2017	1,238	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel, Yangshan (陽山碧桂園鳳凰酒店)	Yangshan Country Garden, Qingyuan, Guangdong Province	*2017	138	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel,Quzhou (衢州碧桂園鳳凰酒店)	Quzhou Country Garden, Quzhou, Zhejiang Province	*2017	254	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel,Yiyang (益陽碧桂園鳳凰酒店)	Yiyang Country Garden, Yiyang, Hunan Province	*2017	251	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel,Jianghai (江海碧桂園鳳凰酒店)	Jianghai Country Garden, Jiangmen, Guangdong Province	*2017	194	According to four-star rating standard (under construction)
Country Garden Forest City Phoenix Hotel (碧桂園森林城市鳳凰酒店)	Country Garden Forest City, Johor, Malaysia	*2017	283	According to five-star rating standard (under construction)
Heshan Gonghe Hotel (鶴山共和酒店)	Country Garden — Forest Lake, Jiangmen, Guangdong Province	*2017	168	According to four-star rating standard (under construction)
Country Garden Meilang Bay Phoenix Hotel (碧桂園美浪灣鳳凰酒店)	Country Garden Meilang Bay, Chengmai, Hainan	*2017	105	According to four-star rating standard (under construction)
Country Garden Phoenix Hot Spring Hotel, Huizhou (惠州碧桂園鳳凰溫泉酒店)	Country Garden Runyang Valley Huizhou, Guangdong Province	*2017	199	According to five-star rating standard (under construction)

Notes:

(1) Hotels are only allowed to apply for star hotel certification after one year of operation.

(2) Hilton Wuhan Optics Valley commenced partial trial operation on 31 December 2013.

(3) Country Garden Phoenix Hotel, Zhangjiajie commenced partial trial operation on 16 October 2015.

FINANCIAL SUMMARY

Consolidated Results

	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	**2016 RMB'000**
Revenue	41,890,984	62,724,729	84,548,803	113,222,640	**153,086,977**
Profit before income tax	11,541,913	13,473,153	16,369,125	14,833,109	**21,390,572**
Income tax expense	(4,657,351)	(4,625,173)	(5,757,225)	(5,121,428)	**(7,727,349)**
Profit for the year	6,884,562	8,847,980	10,611,900	9,711,681	**13,663,223**
Profit attributable to:					
Owners of the Company	6,852,651	8,514,104	10,229,159	9,276,485	**11,516,815**
Non-controlling interests	31,911	333,876	382,741	435,196	**2,146,408**
	6,884,562	8,847,980	10,611,900	9,711,681	**13,663,223**
Earnings per share:					
Basic (RMB Cents)	37.50	45.97	53.45	42.54	**52.17**

Consolidated Financial Position

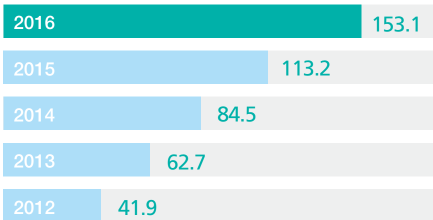
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	**2016 RMB'000**
Non-current assets	40,610,992	60,025,745	75,415,162	89,940,229	**106,736,094**
Current assets	95,911,156	146,213,683	192,617,047	272,016,098	**484,835,507**
Current liabilities	68,707,328	114,904,283	156,623,024	201,594,927	**405,314,008**
Net current assets	27,203,828	31,309,400	35,994,023	70,421,171	**79,521,499**
Total assets less current liabilities	67,814,820	91,335,145	111,409,185	160,361,400	**186,257,593**
Non-current liabilities	28,930,412	45,323,978	48,966,759	71,020,994	**104,642,423**
Equity attributable to owners of the Company	37,577,149	43,953,620	56,686,205	65,290,710	**70,128,365**
Non-controlling interests	1,307,259	2,057,547	5,756,221	24,049,696	**11,486,805**
Total equity	38,884,408	46,011,167	62,442,426	89,340,406	**81,615,170**
Equity attributable to owners of the Company – NBV per share (RMB)	2.06	2.38	2.79	2.89	**3.25**
Net debt[1]	20,263,748	29,569,189	33,854,619	41,865,917	**39,705,989**
Net gearing ratio (%)	51.6	64.3	57.0	60.0	**48.7**

Note:

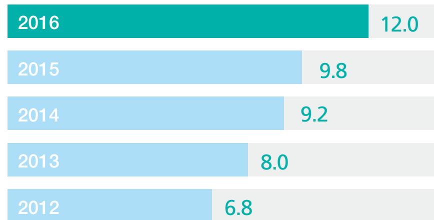
1. Net debt equals to total debt (representing bank and other borrowings, senior notes and corporate bonds) net of available cash.

FINANCIAL HIGHLIGHTS

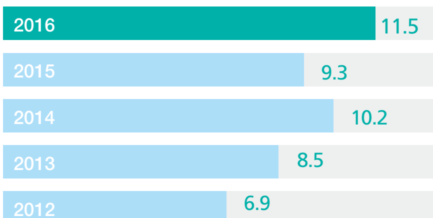
Revenue (RMB billion)



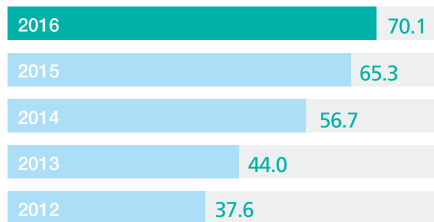
Core net profit (RMB billion)



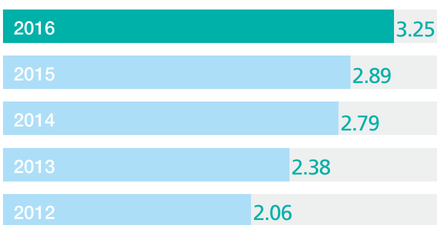
Profit attributable to owners of the Company (RMB billion)



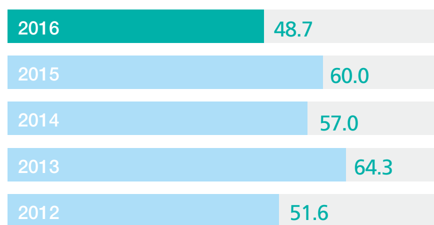
Equity attributable to owners of the Company (RMB billion)



Equity attributable to owners of the Company — NBV per share (RMB)



Net gearing ratio (%)



MANAGEMENT DISCUSSION AND ANALYSIS

— *Country Garden — Guanting Lake, Zhangjiakou*

Group's revenue increased by

35.2%

to approximately

RMB

153,087.0

million

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from five business segments: (i) property development, (ii) construction, fitting and decoration, (iii) property investment, (iv) property management, and (v) hotel operation. Revenue increased by 35.2% to approximately RMB153,087.0 million in 2016 from approximately RMB113,222.6 million in 2015. 96.8% of the Group's revenue was generated from the sales of properties (2015: 96.7%) and 3.2% from other segments (2015: 3.3%).

Property Development

Revenue generated from property development maintained a growth as a result of the continuous growth of property contracted sales, strict construction management control and timely delivery of units in 2016. Revenue generated from property development increased by 35.4% to approximately RMB148,180.1 million in 2016 from approximately RMB109,460.4 million in 2015. The total GFA delivered increased by 35.5% to 23.94 million sq.m. in 2016 from 17.67 million sq.m. in 2015. The recognised average selling price of property was RMB6,191 per sq.m. in 2016, almost equalling to RMB6,194 per sq.m. in 2015.

Construction, Fitting and Decoration

Construction, fitting and decoration revenue from external parties increased by 53.1% to approximately RMB1,143.0 million in 2016 from RMB746.4 million in 2015, primarily due to increase in the volume of services rendered to related parties and third parties of the Group.

Revenue generated from property development increased by

35.4%

to approximately

RMB

148,180.1

million

Construction, fitting and decoration revenue from external parties increased by

53.1%

to approximately

RMB

1,143.0

million

— *Country Garden Forest City*
Johor, Malaysia

MANAGEMENT DISCUSSION AND ANALYSIS

Property management revenue from external parties increased by

33.3%

to approximately

RMB

1,959.1

million

Property Management

The Group's property management and community-related businesses would also be our profit margin drivers. As at 31 December 2016, the Group's property management segment managed a contracted area of 210 million sq.m., covering China's 223 cities across 27 provinces for approximately 1 million households of owners in total.

During the year, the property management and community-related businesses generated revenue of approximately RMB1,959.1 million, up by 33.3% year on year. The business segment also recorded an operating profit of approximately RMB405.5 million, up by 59.7% year on year. In the future, the Group will leverage on the capital market to develop the business segment, thus enriching its income sources and enhancing its business value.

— Country Garden — Beijing County, Zhangjiakou

— *Country Garden Forest City, Johor, Malaysia*

Hotel Operation

Hotel operation revenue from external parties increased by 17.4% to approximately RMB1,707.6 million in 2016 from approximately RMB1,454.9 million in 2015, primarily due to increased revenue from existing hotels in operation.

Property Investment

Revenue generated from property investment increased by 5.9% to approximately RMB97.1 million in 2016 from approximately RMB91.7 million in 2015 primarily due to the increase in rental area. Gains arising from changes in fair value of and transfer to investment properties was approximately RMB711.6 million in 2016, decreasing by 12.1% compared with approximately RMB809.8 million in 2015. As at 31 December 2016, the total GFA of the investment properties held amounted to approximately 1.20 million sq.m.. The fair value of these investment properties amounted to approximately RMB9,773.4 million, including approximately RMB8,277.0 million of completed properties and approximately RMB1,496.4 million of properties under development.

Hotel operation revenue from external parties increased by

17.4%

to approximately

RMB

1,707.6

million

MANAGEMENT DISCUSSION AND ANALYSIS

— *Zhengzhou Country Garden, Zhengzhou*

Core net profit increased by

22.3%

to approximately

RMB

11,984.6

million

Finance Costs — Net

The Group recorded net finance cost of approximately RMB1,095.3 million in 2016, compared with net finance costs of approximately RMB1,289.5 million in 2015. The Group recorded interest expenses of approximately RMB6,876.8 million in 2016, of which 97.9% were capitalised on qualifying assets, compared with interest expenses of approximately RMB5,061.7 million in 2015, which were fully capitalised on qualifying assets. The decrease of net finance costs were mainly due to the increase in interest income on short-term bank deposits of approximately RMB311.8 million.

Profit Attributable to Owners of the Company and Core Net Profit

The profit attributable to owners of the Company increased by approximately 24.2% to approximately RMB11,516.8 million in 2016, when compared with approximately RMB9,276.5 million in 2015.

After deduction of the post-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financing activities, loss on early redemption of senior notes and changes in fair value of derivative financial instruments, the core net profit in 2016 was approximately RMB11,984.6 million, representing an increase of approximately 22.3% when compared with approximately RMB9,796.2 million in 2015.

Liquidity, Financial and Capital Resources

As at 31 December 2016, the Group's cash and bank deposits (including restricted cash) amounted to approximately RMB96,490.9 million (31 December 2015: approximately RMB47,877.9 million). As at 31 December 2016, 93.8% (31 December 2015: 97.7%) of the Group's cash and bank deposits was denominated in Renminbi and 6.2% (31 December 2015: 2.3%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

As at 31 December 2016, the carrying amount of the restricted cash was approximately RMB11,844.0 million (31 December 2015: approximately RMB11,637.1 million). Pursuant to relevant regulations, certain of the project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts could only be used for the restricted purposes of purchasing construction materials and equipments, making interim construction payments and paying tax, with the prior approval of the relevant local authorities.

Cash and bank deposits (including restricted cash) amounted to approximately

RMB
96,490.9
million

— Country Garden — Jade Bay, Dongguan

MANAGEMENT DISCUSSION AND ANALYSIS

On 13 October 2014, the Company issued 1,271,988,736 rights shares and raised approximately RMB2.50 billion, which were expected to be applied to refinance the existing indebtedness of the Company and as general working capital. On 20 April 2015, the Group issued 2,236,200,000 new shares of the Company to Ping An Life Insurance Company of China, Ltd. and raised net proceeds of approximately RMB4.95 billion, which were expected to be applied by the Group for its development and as general working capital. In 2016, the use of equity fund raising remained unchanged.

As at 31 December 2016, the net current assets of the Group were approximately RMB79,521.5 million (31 December 2015: approximately RMB70,421.2 million). The current ratio being current assets over current liabilities was approximately 1.2 as at 31 December 2016, which slightly decreased from approximately 1.3 as at 31 December 2015.

As at 31 December 2016, the Group's bank and other borrowings, senior notes and corporate bonds amounted to approximately RMB69,222.8 million, RMB29,264.4 million and RMB37,709.6 million respectively (31 December 2015: approximately RMB53,607.1 million, RMB20,878.2 million and RMB15,258.5 million respectively).

For bank and other borrowings, approximately RMB30,512.7 million, RMB36,195.5 million and RMB2,514.6 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2015: approximately RMB22,778.0 million, RMB30,336.9 million and RMB492.2 million respectively). As at 31 December 2016 and 31 December 2015, the majority of the bank and other borrowings were secured by certain land use rights and properties of the Group or guaranteed by the Group.

As at 31 December 2016, the Group's receipts under securitisation arrangements amounted to approximately RMB7,043.4 million. It represented proceeds received as a result of securitisation arrangements collaterised by certain future trade receivables for the remaining receipts of sales of properties.

Net gearing ratio is measured by the net debt (representing bank and other borrowings, senior notes and corporate bonds net of

Net current assets of the Group were approximately

RMB
79,521.5
million

— Country Garden — Jade Bay, Dongguan

— *Huaxi Country Garden, Guiyang*

available cash, which equals to the sum of cash and cash equivalents and the guarantee deposits for construction of pre-sold properties) over total equity excluding perpetual capital securities. Net gearing ratio decreased from approximately 60.0% as at 31 December 2015 to approximately 48.7% as at 31 December 2016.

Key Risk Factors and Uncertainties

The following content lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks Pertaining to the Property Market and Operation

The Group's businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and conservation policies. The Group is also susceptible to

The Group's net gearing ratio decreased to

48.7%

MANAGEMENT DISCUSSION AND ANALYSIS

changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. The Group continues to implement its strategies to develop and strengthen penetration of different regional markets thereby reducing its dependence on specific markets. The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite the fact that the Group has set up systems and policies for accident prevention, which may lead to financial loss, litigation, or damage in reputation.

Oversea Investment Risk

The Group currently operates in several oversea countries. The complex international economic and political landscape may expose the Group to particular risks in certain countries, such as economic and political instability, foreign exchange controls, sovereign debt crises, regulations on local business operations. The Group closely monitors possible risks and environmental changes, and employ prompt countermeasures to minimise any potential business impact.

Interest Rate Risk

The Group's bank and other borrowings mainly bear floating rates. As at 31 December 2016, the weighted average borrowing cost of the Group's total debt was 5.66%, which was down by 54 basic points from that as at 31 December 2015. The Group

— *Country Garden Center, Foshan*

has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and refinancing on existing banking facilities or entering into new banking facilities when good pricing opportunities arise.

Foreign Exchange Risk

The Group's business is mainly denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars, HK dollars and Malaysian Ringgit). Since 2015, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts, cross currency swaps and foreign exchange structured derivatives to hedge its exposure to foreign exchange risk.

Guarantees

As at 31 December 2016, the Group had guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB127,502.7 million (31 December 2015: approximately RMB60,636.2 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. As at 31 December 2016, there was no guarantee (31 December 2015: approximately RMB50.9 million) to be discharged two years from the day when the mortgaged loans become due; and approximately RMB127,502.7 million (31 December 2015: approximately RMB60,585.3 million) was to be discharged upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the purchasers of properties.

The Board considers that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, as at 31 December 2016, the Group had provided guarantees amounting to approximately RMB18,617.4 million (31 December 2015: approximately RMB1,781.9 million) for certain borrowings of the joint ventures and associates of the Group.

Capital and Property Development Commitments

As at 31 December 2016, the commitments of the Group in connection with capital and property development expenditures amounted to approximately RMB94,933.4 million (31 December 2015: approximately RMB84,825.3 million). This amount primarily arose from contracted construction fees or other capital commitments for future property developments. The Group expects to fund these commitments principally from pre-sold proceeds of the properties and partly from bank borrowings.

Employees and Remuneration Policy

Human resource has always been the most valuable resource of the Group. As at 31 December 2016, the Group had approximately 94,450 full-time employees (31 December 2015: 68,150).

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group believes that the salaries and benefits that the employees receive are competitive in comparison with market rates. The Group is subject to social insurance contribution plans or other pension schemes organised by the regional governments and is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund or to contribute regularly to other mandatory provident fund schemes on behalf of the employees. As at the date of this announcement, there were no significant labor disputes which adversely affect or are likely to have an adverse effect on the operations of the Group.

In order to adapt itself to the fast growing and ever changing market, the Group came up with the partnership scheme, aligning

— *Huaxi Country Garden, Guiyang*

— *Country Garden – Longines Bay, Putian*

the interests of employees with that of the Company. Not only could this profit and loss sharing program help lower operational cost and increase profit and returns, but also make employees better understand the Company's culture of "home experience", and allow them to further develop together with the Company.

Besides, since 2014, the Group has recruited 403 PhDs worldwide through its global recruiting program. These newly recruited talents will become the mainstay of the Group in the future.

Forward Looking

Being one of the most important sectors of the Chinese economy, the strong needs of quality housing brought by first time buyers and upgraders stimulated by the urbanization process will still be the driver of long term development of the property sector. In 2017, it is expected that, the government will strengthen the regulation of the classification of the real estate market through adopting the policy of "implementing policies appropriate to the situations in different cities" (因城施策); while the competition in the real estate industry will be more intensive, the consolidation within the sector will be continued and the market will be further differentiated. To embrace the change of the market, the Group will continue to adopt steady financial policies and risk control measures, strengthen its contracted sales and cash collection and apply strict cost control to strengthen operating cash flows and ensure investment return. Meanwhile, the Group will continue to apply a more prudent and practical strategy on new land acquisition to ensure the quality of future projects and optimize geographic layout, and to develop the corresponding investment porfolios catering for different stages of China's urbanization and capture all kinds of market demand. Besides, on the basis of steady growth, the Group will make flexible adjustments according to the market situation and focus on increasing of profitability to achieve high quality and all rounded development. Looking forward, the Company will actively explore the value of businesses and assets within the value chain of real estate to maximize the corporate value. The Company has also submitted the application materials to the CSRC in relation to the spin-off and listing of property management services business during the current year. To Country Garden, the urbanization is far from over, the Company will continue to focus on the residential and related demands brought by urbanization, establishing an integration platform covering all stages of lives for our clients.

GOVERNANCE

— Rendering Image of Country Garden Forest City, Johor, Malaysia

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

YEUNG Kwok Keung
楊國強

YEUNG Kwok Keung (楊國強), aged 62, was appointed as the Chairman and an executive Director in December 2006. Mr. YEUNG is also the chairman of the Nomination Committee, the Corporate Governance Committee and the Executive Committee, a member of Remuneration Committee and a director of various members of the Group. Mr. YEUNG is responsible for the formulation of development strategies, investment planning and overall project planning as well as ensuring the Board functions properly with good corporate governance practice. From 1992 to 1997, Mr. YEUNG was the general manager of Shunde Sanhe Co., the real estate business in which Mr. YEUNG was engaged in before he founded the Group. From 1986 to 1997, Mr. YEUNG served as the general manager and the chairman of Beijiao Construction Co. and also served as the general manager of the Group from 1997 to 2003. He has been the Chairman since the Company was listed in 2007. Mr. YEUNG has over 39 years of experience in construction and over 25 years of experience in property development. Mr. YEUNG was awarded "China Charity Outstanding Contributions Person" and "Top Ten Contributions Persons to China Real Estate" in 2009, "China Real Estate Entrepreneur Charity Award" and "Person of China Real Estate" in 2010, "Individual under Non-collectively Own Category for Helping Poverty in Guangdong" in 2011, "2012 China Corporate Social Responsibility Award for Outstanding Entrepreneur" in 2012, "2015 China Poverty Eradication Award" in 2015, as well as "China Charity Award-The Most Caring Contributing Individual" in 2016. Mr. YEUNG is currently a member of the 12th National Committee of the Chinese People's Political Consultative Conference and "The Honorable Director of Tsinghua University". Mr. YEUNG is the father of Ms. YANG Huiyan, the vice Chairman, an executive Director and a controlling Shareholder; the father of Ms. YANG Ziying, an executive Director; the uncle of Mr. YANG Zhicheng, an executive Director; and the father-in-law of Mr. CHEN Chong, a non-executive Director.

YANG Huiyan
楊惠妍

YANG Huiyan (楊惠妍) aged 35, was appointed as an executive Director in December 2006 and the vice Chairman in March 2012. Ms. YANG is also a member of the Corporate Governance Committee, the Executive Committee and the Finance Committee and a director of various members of the Group. Ms. YANG graduated from Ohio State University with a bachelor degree in marketing and logistics. Ms. YANG joined the Group in 2005 and served as the manager of the procurement department. Currently, she is primarily responsible for the formulation of development strategies of the Group. Ms. YANG was awarded "China Charity Award Special Contribution Award" in 2008. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; the sister of Ms. YANG Ziying, an executive Director; a cousin of Mr. YANG Zhicheng, an executive Director; and the wife of Mr. CHEN Chong, a non-executive Director.

MO Bin
莫斌

MO Bin (莫斌), aged 50, was appointed as the President and an executive Director in July 2010. Mr. MO is also a member of the Remuneration Committee, the Corporate Governance Committee, the Executive Committee and the Finance Committee and a director of several members of the Group. Mr. MO graduated from Hengyang Institute of Technology (currently known as University of South China) with a bachelor degree in industrial and civil architecture. He obtained his postgraduate degree from Zhongnan University of Economics and Law and is a professor-grade senior engineer. Mr. MO is primarily responsible for the management of daily operation and general administration of the Group. Prior to joining the Group, Mr. MO was employed by an internationally competitive construction and property group in the PRC, China Construction, in a number of senior positions since 1989, most recently as a director and general manager of China Construction Fifth Division. Mr. MO has over 27 years of extensive experience in property development, construction business, construction management, marketing, cost control and corporate management.

ZHU Rongbin
朱榮斌

ZHU Rongbin (朱榮斌), aged 44, was appointed as the associate President and an executive Director in May 2013. Mr. ZHU is also a member of the Executive Committee. Mr. ZHU graduated from the Faculty of Civil Engineering of Tsinghua University with a master degree and is a senior engineer. Mr. ZHU was responsible for the management of investment and product design of the Group and is currently, primarily responsible for the management of business division of first-tier cities. Mr. ZHU worked in China Overseas Holdings Limited from 1995 to 2008, most recently as a director, assistant general manager and general manager (eastern China region) of China Overseas Property Group Company Limited and was responsible for property development and project management in various locations, namely Guangzhou, Hong Kong, Shenzhen, Beijing and Shanghai. From 2008 to May 2013 prior to joining the Group, Mr. ZHU worked in R&F, most recently as a vice president and general manager (southern China region) of R&F. Mr. ZHU has over 22 years of experience in property development and related business.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

WU Jianbin
吳建斌

WU Jianbin (吳建斌), aged 54, was appointed as the Chief Financial Officer and an executive Director in April 2014. Mr. WU is also the chairman of the Finance Committee and a member of the Executive Committee and a director of several members of the Group. Mr. WU graduated from Shaanxi Institute of Finance and Economics (currently known as the School of Finance and Economics of Xi'an Jiaotong University) and obtained a master degree and a doctoral degree in Business Administration from the Macau University of Science and Technology respectively. Mr. WU is a senior accountant and is an adjunct professor at the Xi'an Jiaotong University and Shanghai University of International Business and Economics. Mr. WU joined China Construction in 1984 and was seconded to China Overseas Land & Investment Ltd. in 1987. He was appointed as a director and financial controller of China Overseas Holdings Limited in 2001 and appointed as an executive director and financial controller of China Overseas Land & Investment Ltd. in 2002 and was re-designated as a vice chairman and non-executive director in 2009. Prior to joining the Group in April 2014, Mr. WU was an executive director and deputy general manager of China Overseas Holdings Limited and a chairman of China Overseas Investment Developing Holdings Limited. Mr. WU received a number of awards between 2004 and 2009, including "the Achievement Award for Financial Management of 30th Anniversary of China's Reform and Opening up" and "the 60th Anniversary of China's Financial Value Leadership Award" awarded by the China Chief Financial Officer Press and China CFO International Summit in 2008 and 2009 respectively. Mr. WU is also a member of the 11th Shaanxi Provincial Committee of the Chinese People's Political Consultative Conference. Mr. WU has 33 years of experience in corporate finance, accounting, investment operations and information management.

Mr. WU has resigned from his positions as an executive Director, the chairman of the Finance Committee, a member of the Executive Committee, the Chief Financial Officer, an agent of the Company for the service of process in Hong Kong and an alternate Authorised Representative of the Company to Ms. YANG Huiyan under Rule 3.06(2) of the Listing Rules, with effect from 1 April 2017.

YANG Ziying
楊子瑩

YANG Ziying (楊子瑩), aged 29, was appointed as an executive Director in May 2011. Ms. YANG is also a member of the Executive Committee and a director of various members of the Group. Ms. YANG graduated from Ohio State University with a bachelor degree in psychology. Ms. YANG joined the Group in 2008 as an assistant to the Chairman. Currently, she is primarily responsible for overseeing the finance of the Group, including offshore and onshore financing. Prior to joining the Group, Ms. YANG worked in a renowned global investment bank. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; the sister of Ms. YANG Huiyan, the vice Chairman, an executive Director and a controlling Shareholder; a cousin of Mr. YANG Zhicheng, an executive Director; and a sister-in-law of Mr. CHEN Chong, a non-executive Director.

SU Rubo
蘇汝波

SU Rubo (蘇汝波), aged 62, was appointed as an executive Director in December 2006 and is also a director of various members of the Group. Mr. SU graduated from the School of Economic Management of Jinan University. Mr. SU is primarily responsible for the construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. SU served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. SU served as a deputy general manager of Beijiao Construction Co. and has been serving as a director and deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. SU has over 39 years of experience in construction, approximately 23 years of experience in property development and approximately 20 years of experience in procurement of construction materials.

Mr. SU has resigned from his position as executive Director with effect from 1 April 2017.

OU Xueming
區學銘

OU Xueming (區學銘), aged 67, was appointed as an executive Director in December 2006 and is also a director of various members of the Group. Mr. OU is primarily responsible for the construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. OU served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. OU served as a deputy general manager of Beijiao Construction Co. and has been serving as a director and deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. OU has over 39 years of experience in construction and approximately 23 years of experience in operation and management of property development.

Mr. OU has resigned from his position as executive Director with effect from 1 April 2017.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

YANG Zhicheng (楊志成), aged 43, was appointed as an executive Director in December 2006, a regional president of the Group and a member of the Executive Committee. Mr. YANG is primarily responsible for the overall development and management of certain property development projects of the Group. Prior to joining the Group in 1997, Mr. YANG served as a project manager of Shunde Sanhe Co. and a general manager of Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. After joining the Group, he served as a project general manager of the Group. Mr. YANG has approximately 23 years of experience in project development. Mr. YANG is a nephew of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; a cousin of Ms. YANG Huiyan, the vice Chairman, an executive Director and a controlling Shareholder; and a cousin of Ms. YANG Ziying, an executive Director; and a cousin-in-law of Mr. CHEN Chong, a non-executive Director.

YANG Zhicheng
楊志成

XIE Shutai (謝樹太), aged 52, was appointed as an executive Director in May 2013. Mr. XIE graduated from Hunan University with a bachelor degree in engineering and is a qualified PRC civil engineer. Mr. XIE is primarily responsible for the overall management and supervision of certain property development projects of the Group as well as the overall management of the Group's hotel management, business management and property management companies. Prior to joining the Group in 1997, Mr. XIE worked in Hengyang City Construction Institute from 1986 to 1991 and was responsible for structural design work. He also worked in Shunde Sanhe Co. from 1992 to 1997 and was responsible for property management. Since 1997, he has been working in Shunde Country Garden and Guangdong Country Garden Property Management Co., Ltd. and was responsible for the overall property and hotel management of the Group, and served as a vice President from 2007 to May 2013. Mr. XIE has 25 years of experience in property management and approximately 20 years of experience in hotel management.

XIE Shutai
謝樹太

SONG Jun (宋軍), aged 49, was appointed as an executive Director in May 2013. Mr. SONG graduated from Chongqing College of Construction and Architecture (currently known as Chongqing University) with a bachelor degree in engineering and is a qualified PRC architect. Prior to joining the Group in 1994, Mr. SONG worked in Hunan Province Jishou City Construction Institute and Elite Architectural and was responsible for architectural design work. Since 1997, he has been serving as a project manager and general manager of Shunde Country Garden and Guangzhou Country Garden Company, and has been serving as a vice President of the Group since 2005, and has been responsible for the management of property project development of the Group. Currently, Mr. SONG is responsible for the overall operation, management and sustainable development of property projects of the Group in certain regions. Mr. SONG has 20 years of experience in the management of property development.

SONG Jun
宋軍

LIANG Guokun
梁國坤

LIANG Guokun (梁國坤), aged 58, was appointed as an executive Director in May 2013. Mr. LIANG is primarily responsible for landscape design and gardening system management and supervision of the Group. Prior to joining the Group in 1999, Mr. LIANG worked in Chung Shan Hot Spring Golf Club from 1985 to 1994. He also worked in Dongguan Yin Li Golf Club, Shenzhen Mission Hills Golf Club and Shenzhen Longgang Green Club (currently known as Citic Green Golf Club) in a number of senior positions, from 1994 to 1999. Mr. LIANG has been serving as a vice President since 2011. Mr. LIANG has 32 years of experience in golf course design management and landscape design management.

SU Baiyuan
蘇柏垣

SU Baiyuan (蘇柏垣), aged 51, was appointed as an executive Director in December 2013. Mr. SU graduated from Guangzhou Normal Institute (currently known as Guangzhou University) with a degree in geography and obtained a postgraduate degree in human geography from Sun Yat-Sen University. Prior to joining the Group in 2005, Mr. SU had over 10 years of experience in land planning and development as well as operational management. Mr. SU was a vice President until February 2013, and was primarily responsible for investment development and the overall management of certain property development projects of the Group. Currently, Mr. SU is primarily responsible for overseas development and the management of certain overseas property development projects of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Non-Executive Director

CHEN Chong
陳翀

CHEN Chong (陳翀), aged 38, was appointed as a non-executive Director in December 2016. Mr. CHEN graduated from Tsinghua University with a bachelor of Science degree in Chemistry. He also obtained a master of Science degree in Biological Sciences Research from Royal Holloway and Bedford New College, University of London. In 2015, Mr. CHEN was appointed as the First President of the Overseas Study Youth Association of Guangdong Province. Mr. CHEN is the son-in-law of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; the husband of Ms. YANG Huiyan, the vice Chairman, an executive Director and the controlling Shareholder; a brother-in-law of Ms. YANG Ziying, an executive Director; and a cousin-in-law of Mr. YANG Zhicheng, an executive Director.

Independent Non-Executive Directors

LAI Ming, Joseph
黎明

LAI Ming, Joseph (黎明), aged 72, was appointed as an independent non-executive Director in December 2006 and is currently the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. Mr. LAI is a fellow member of the HKICPA, CPA Australia, CIMA and the Hong Kong Institute of Directors. Mr. LAI was one of the co-founders of the Hong Kong Branch of CIMA founded in 1973 and was its president in 1974/75 and 1979/80. He was the president of the HKICPA in 1986. Mr. LAI is an independent non-executive director of Jolimark Holdings Limited and R & F and retired as an independent non-executive director of Yuhua Energy Holdings Limited (formerly known as "Shinhint Acoustic Link Holdings Limited") on 23 May 2014, all of which are companies whose shares are listed on the Stock Exchange. Mr. LAI also holds directorships in several private companies engaging in property development in Canada. He is also an independent non-executive director of Nan Fung Group Holdings Limited.

SHEK Lai Him, Abraham
石禮謙

SHEK Lai Him, Abraham (石禮謙) G.B.S., J.P., aged 71, was appointed as an independent non-executive Director in December 2006 and is currently a member of the Audit Committee and the Remuneration Committee. Mr. SHEK graduated from the University of Sydney and holds a bachelor of Arts degree and a diploma in Education. Mr. SHEK was appointed as a Justice of the Peace in 1995 and was awarded the Gold Bauhinia Star by the Government of the HKSAR in 2013. Mr. SHEK is a member of the HKSAR Legislative Council representing the Real Estate and Construction Functional Constituency, a member of the Court of Hong Kong University of Science and Technology, a member of Court and Council of University of Hong Kong, a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption and has retired from the Independent Police Complaints Council as a vice chairman since 1 January 2015. Mr. SHEK is an independent non-executive director of Midas International Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, ITC Corporation Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, SJM Holdings Limited, Paliburg Holdings Limited, Lai Fung Holdings Limited, Chuang's Consortium International Limited, China Resources Cement Holdings Limited and Cosmopolitan International Holdings Limited, the vice chairman and independent non-executive director of ITC Properties Group Limited, the chairman and independent non-executive director of Chuang's China Investments Limited, and independent non-executive director and chairman of the nomination committee of Goldin Financial Holdings Limited, all of which are companies whose shares are listed on the Stock Exchange, as well as a non-executive director of Mandatory Provident Fund Schemes Authority. Mr. SHEK is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both trusts are listed on the Stock Exchange. Mr. SHEK ceased to be an independent non-executive director of Hsin Chong Group Holdings Limited with effect from 12 May 2014, and of TUS International Limited (formerly known as Jinheng Automotive Safety Technology Holdings Limited) with effect from 6 January 2017, all of which are companies whose shares are listed on the Stock Exchange, and of Dorsett Hospitality International Limited with effect from 11 March 2016, whose shares had been withdrawn from listing on the Stock Exchange since 16 October 2015 and a non-executive director of The Hong Kong Mortgage Corporation Limited since April 25, 2016.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

TONG Wui Tung, Ronald (唐滙棟), aged 66, was appointed as an independent non-executive Director in December 2006. He is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. TONG has been practicing as a solicitor in Hong Kong for over 30 years and is a partner of the law firm, Messrs. Cheung Tong & Rosa Solicitors. He is also a Notary Public and a China Appointed Attesting Officer, and is admitted as a solicitor in several other jurisdictions. Mr. TONG is currently a non-executive director of Yip's Chemical Holdings Limited, a company whose shares are listed on the Stock Exchange.

TONG Wui Tung, Ronald
唐滙棟

HUANG Hongyan (黃洪燕), aged 46, was appointed as an independent non-executive Director in December 2012, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. HUANG graduated from the Department of Finance, the School of Economics of Jinan University and holds a bachelor of International Finance degree, and is also qualified as a Chinese certified public accountant, a Chinese certified tax agent, a Chinese certified public valuer, a certified internal auditor and a corporate accountant. Currently, Mr. HUANG serves as a general manager of Foshan Yestar Consulting Co., Ltd. Mr. HUANG is an independent non-executive director of C&S Paper Co., Ltd., and an independent director of Guangdong Transtek Medical Electronics Co., Ltd. since 5 June 2013 whose shares are listed on the Shenzhen Stock Exchange with effect from 16 November 2016, whose shares are listed on the Shenzhen Stock Exchange. Mr. Huang ceased to be an independent non-executive director of Guangdong Vanward New Electric Co., Ltd., whose shares are listed on the Shenzhen Stock Exchange, with effect from 1 January 2016.

HUANG Hongyan
黃洪燕

HUANG Xiao (黃曉), aged 49, was appointed as an independent non-executive Director in December 2012, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. HUANG graduated from Jinan University and holds a Bachelor of Accounting degree. Ms. HUANG also graduated from the University of New South Wales, Australia and holds a Master of Commerce degree with a major in international accounting. Ms. HUANG is qualified as a Chinese certified public accountant and a senior accountant. Currently, Ms. HUANG serves as the officer of the examination and training department of Guangdong Provincial Institute of Certified Public Accountants and a member of the registration committee of Guangdong Provincial Institute of Certified Public Accountants.

Ms. HUANG has resigned from her positions as an independent non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 1 April 2017.

HUANG Xiao
黃曉

MEI Wenjue
梅文珏

MEI Wenjue (梅文珏), aged 47, was appointed as an independent non-executive Director in May 2013. Mr. MEI graduated from Sun Yat-Sen University with a bachelor degree in English language and literature and a master degree in public administration, and obtained a master degree in business administration from the School of Management of Cranfield University in United Kingdom. Mr. MEI served as a director of safety management system office, the secretary of safety committee and safety information manager of China Southern Airlines Company Limited, the deputy representative of China Southern Airlines Company Limited in the safety security and quality functional executives of Sky Team. Mr. MEI also served as the chief representative of the Shenzhen Office of China Europe International Business School. Currently, Mr. MEI serves as the chief executive officer of Reocar Rental Chain Group, and a director of Sichuan Huapu Modern Agriculture Co., Ltd. since 28 March 2015 whose shares are listed on the National Equities and Quotations in the PRC with effect from 18 July 2016. Mr. MEI ceased to be an independent non-executive director of Miko International Holdings Limited with effect from 24 March 2016, a company whose shares are listed on the Stock Exchange.

YEUNG Kwok On
楊國安

YEUNG Kwok On (楊國安), aged 55, was appointed as an independent non-executive Director on 1 April 2014. Mr. YEUNG obtained his doctoral degree in Strategic Human Resource Management at the University of Michigan in 1990 and a master degree in Management at the University of Hong Kong (Faculty of Social Sciences) in 1986. Mr. YEUNG is senior management advisor of Tencent Group, president of Y-Triangle Organizational Learning Oasis, and adjunct management professor at China Europe International Business School. Mr. YEUNG served as the chief human resources officer of Acer Group from early 1999 to June 2002. Currently, Mr. YEUNG serves as an independent non-executive director of SITC International Holdings Company Limited, a company whose shares are listed on the Stock Exchange, and Trina Solar Limited, a company whose shares are listed on the New York Stock Exchange.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Company Secretary

HUEN Po Wah (禤寶華), aged 68, was appointed as the company secretary of the Company in March 2007. He is an associate of both HKICS and The Institute of Chartered Secretaries and Administrators. He is a holder of the Practitioner's Endorsement issued by HKICS. Mr. HUEN is also a director of Fair Wind Secretarial Services Limited. He has over 36 years of experience in company administration and secretarial fields and has served many listed companies over the years. Mr. HUEN resigned from his position as the company secretary of the Company with effect from 1 October 2016.

Leung Chong Shun (梁創順), aged 51, was appointed as the company secretary of the Company since 1 October 2016. Mr. Leung graduated from the University of Hong Kong in November 1988 where he was awarded a bachelor degree of Laws with honors. He is qualified as solicitor in both Hong Kong and England and has been a practicing lawyer in Hong Kong since 1991.

Senior Management

CHENG Guangyu (程光煜), aged 36, is a vice President. Mr. CHENG graduated from the Department of Civil Engineering of Tsinghua University with a bachelor and doctoral degree in civil engineering in 2002 and 2007 respectively, and from Guanghua School of Management of Peking University with an EMBA degree in 2015. Mr. CHENG joined the Group in 2007 and has been responsible for overall operation management and sustainable development of property projects in certain regions under his supervision since 2012. Since 2014, Mr. CHENG has been primarily responsible for the overall sales and marketing management of the Group. Mr. CHENG has 6 years of experience in civil engineering research and 9 years of experience in management of property development.

CHEN Bin (陳斌), aged 47, has been a vice President since May 2015. Mr CHEN graduated from Dongnan University with a bachelor degree in industrial and civil architecture engineering, an MBA (Kellogg-HKUST), and is a qualified PRC Senior Engineer. Prior to joining the Group in May 2015, Mr. CHEN worked in China Overseas Grand Oceans Group Ltd. as an executive director and the chief executive officer. Mr. CHEN is a member of The Society of Professional Engineers, The Chartered Association of Building Engineers and The Chartered Institute of Building (Hong Kong). Mr. CHEN has 23 years of management experience in construction business and personnel administration.

WANG Shaojun (王少軍), aged 51, is a vice President. Mr. WANG graduated from Harbin Institute of Architecture and Engineering (currently known as Civil Engineering School of Harbin Institute of Technology) with a bachelor degree in industrial and civil architectures and a master degree in structural engineering and is a qualified PRC senior civil engineer. Prior to joining the Group in 2013, Mr. WANG worked in Dalian Wanda Commercial Properties Co., Ltd. as the general manager of its Guangzhou company and was responsible for property development; and worked in Fantasia Holdings Group Co. Ltd. as the executive vice president and was responsible for the management and operation of property development business. Mr. WANG has 24 years of experience in management of property development.

LI Xiaolin (黎曉林), aged 45, is a vice President. Mr. LI graduated from Department of Civil Engineering of Tsinghua University with a bachelor degree of architecture and structural engineering and Guanghua School of Management of Peking University with EMBA, and is a qualified PRC architecture engineer and a qualified real estate appraiser in the PRC. Mr. LI is primarily responsible for the operation and management of some of our property development projects. Prior to joining the Group in 2008, Mr. LI worked in Zhuhai Zhuguang Architecture Design Engineering Company and was responsible for architecture design, as well as in various property developers, namely New Home (Zhuhai) Real Estate Co. Ltd., Zhongshan Paramount Development Co., Ltd. and China Vanke Co., Ltd., and was responsible for property development and management. Since 2008, Mr. LI has been responsible for the overall operation, management and sustainable development of property projects in certain regions under his supervision. Mr. LI has 20 years of experience in the management of real estate development.

PENG Zhibin (彭志斌), aged 43, is a vice President. Mr. PENG graduated from Hefei University of Technology with a bachelor degree of civil engineering in 1996 and Wuhan University with a master degree of business administration in 2003. In August 2014, Mr. PENG graduated from China Europe International Business School with EMBA. Mr. PENG is primarily responsible for the human resources management of the Group. Prior to joining the Group in 2010, Mr. PENG worked in China Railway Siyuan Survey and Design Group Co., Ltd., as an engineer and the head of professional design. Mr. PENG worked in ZTE Corporation as a cadre management manager of human resources management center and the head of human resources (middle east region) from 2003 to 2006; worked in Watson Wyatt Worldwide as a consultant and a project manager from 2006 to 2008; and worked in COFCO Property (Group) Co., Ltd. as a group vice president of human resources and a director of human resources (southern region) from 2008 to 2010. Mr. PENG joined the Group in June 2010 as an assistant to the President and a director of human resources. Mr. PENG has 15 years of experience in the human resources management.

LIN Zhaoxian (林昭憲), aged 53, is the Chief Strategy Officer. Mr. LIN graduated from the Department of Political Science, College of Law of National Taiwan University with a bachelor's degree in law and University of Chicago with an MBA. Prior to joining the Group in 2015, Mr. LIN held senior positions in various international consultancies and corporations, with experience at Boston Consulting Group as a director of greater China region; at Procter & Gamble (USA and Taiwan) as an assistant brand manager; at Booz Allen Hamilton as a strategy principal; at Roland Berger Strategy Consultants as a global partner and vice president of PRC region; at OC&C Strategy Consultants as a president of greater China region; and at Strategic Bang Group as a president. Mr. LIN has more than 21 years of experience in investment and strategy consultancy.

WU Bijun (伍碧君), aged 43, has been a vice President since April 2014. Ms. WU is also a member of the Finance Committee and is the general manager of the finance centre of the Company. Ms. WU graduated from the Department of Public Finance and Taxation of Zhongnan University of Finance and Economics (currently known as Zhongnan University of Economics and Law) with a bachelor degree of economics majoring in public finance in 1995, and obtained an EMBA degree from China Europe International Business School in 2015. She is qualified as a Chinese certified public accountant and a Chinese certified tax agent. Ms. WU is responsible for finance and capital management of the Group. Prior to joining the Group in 2005, Ms. WU worked at Jingzhou, Hubei Branch of China Construction Bank and was responsible for accounting and auditing management. From 1999 to 2002, Ms. WU was the chief auditor of Guangdong Foshan Zhixin Certified Public Accountants Co., Ltd. and was responsible for reviewing the accountants reports. From 2002 to 2005, Ms. WU worked at Shunde Finance Bureau and was responsible for the financial management of foreign investment enterprises. Since joining the Group in 2005, Ms. WU has been mainly responsible for the financial management of the Group. Ms. WU has 12 years of experience in the management of real estate financial resources and approximately 22 years of experience in financial management.

Ms. WU has been appointed as the chairman of the Finance Committee and the Chief Financial Officer, with effect from 1 April 2017.

ZHANG Zhiyuan (張志遠), aged 43, is a vice President. Mr. ZHANG graduated from Changsha Railway Institute of Central South University with a bachelor degree in industrial and civil construction. He is also a senior engineer. Prior to joining the Group in 2014, Mr. ZHANG worked in China Construction Fifth Division from 1995 to March 2014. He was a director and deputy general manager of China Construction Fifth Division from October 2010 to March 2014. Mr. ZHANG is a regional President of the northwest region of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

YANG Cuilong (楊翠瓏), aged 45, is a vice President. Ms. YANG graduated from South China University of Technology majoring in architecture and is a national first class registered architect in the PRC and a senior engineer. Prior to joining the Group in 2000, Ms. YANG worked in Elite Architectural as director of the architectural office from 1993 to 2000 and was responsible for architecture design. Since 2000, she has been serving as the head of general office of the projects and an assistant to President, as well as the general manager for project tendering management department of the Group. She was appointed as the vice President as well as the general manager of the cost management center of the Company in September 2014 and is responsible for the Group's construction cost, construction tendering and cost management. Ms. YANG has 8 years of experience in architectural design and management and 15 years of experience in operation management and construction cost management for real estate.

YANG Lixing (楊麗興), aged 46, is a vice President. Ms. YANG graduated from South China University of Technology majoring in management. Ms. YANG joined the Group in 1992 and has been responsible for procurement management of the Group. Ms. YANG was appointed as the vice President in September 2014 as well as the general manager of the procurement center of the Company. Ms. YANG has 24 years of experience in the procurement management for real estate.

HUANG Yuzhuang (黃宇奘), aged 41, is a vice President. Mr. HUANG graduated from Zhejiang University and Peking University with a bachelor's degree in architecture and a master degree in geography (city and urban planning). He is a first-class national registered architect. Prior to joining the Group, Mr. HUANG worked in Hong Kong Huayi Design Consultants (Shenzhen) Limited as the managing director and a design director. Mr. HUANG has 17 years of experience in architecture design with extensive practical experience in engineering and acquired dozens of awards both in China and overseas with his advanced design ideas. Mr. HUANG was recognized as "The First Top Ten Architect of Shenzhen", "The Ninth Chinese Architecture Academy Young Architect" and "New Real Estate Architect for the year of 2014". Mr. HUANG joined the Group in March 2015. He is the chief designer of the Group and is responsible for the design system.

CHEN Liyan (陳立艷), aged 42, is a vice President. Ms. CHEN graduated from Renmin's University of China majoring in financial accounting. Prior to joining the Group in 2014, Ms. CHEN worked in UFIDA software Co., Ltd as a product business analyst, consulting and implementation director, general manager of real estate architecture department and assistant president and was responsible for leading and designing the software supporting the profit model of the whole real estate industry chain. Ms. CHEN was appointed as the vice President as well as the general manager of the information management center of the Company in November 2014. Currently, Ms. CHEN is responsible for the information system and information management of the Group.

ZHU Jianmin (朱劍敏) , aged 39, is a vice President. Mr. ZHU graduated from Foreign Language Department of Jiangxi Gannan Normal University and China Journalism College with a dual bachelor's degree, and School of Journalism and Communication, Peking University with a master's degree in communication. Prior to joining the Group, Mr. ZHU worked in the Xinhua News Agency in a number of positions namely journalist, editor, chief editor and office director of editorial department. Mr. ZHU was appointed as leader of the tenth poverty alleviation team of the Xinhua News Agency and worked as assistant to mayor of Tongren City in Guizhou and deputy secretary of the Party Committee in Sinan County in 2014. Mr. ZHU is also the head of general office of the Group and the spokesperson of the Group. Currently, he is responsible for the executive system and the management of culture brand and strategic research.

ZHANG Jintang (張錦棠), aged 38, has been a vice President since October 2016. Mr. ZHANG obtained an EMBA degree from Cheung Kong Graduate School of Business. Mr. ZHANG joined the Group immediately after his graduation. Since 2002, he has been serving as an assistant to the general manager of the Heshan Country Garden project, project manager and the director of the Guangdong region of the Group. He was responsible for project management in the Guangdong region. Since 2008, he has been serving as the regional President of the Mongolia region. Since 2010, he has been serving as the regional President of the Nanjing region and has been responsible for the overall operation project management. He has been serving as the regional President of the Dongguan-Shenzhen region since April 2012 till now. Currently, Mr. ZHANG is appointed as a vice President of the Group and is responsible for the overall business in the Dongguan-Shenzhen region and in the India region. Mr. ZHANG has 15 years of experience in the management of real estate development.

LIU Senfeng (劉森峰), aged 41, is a vice President. Mr. LIU graduated from Changsha Railway University (currently known as Central South University) with a bachelor degree in construction engineering. He subsequently obtained a master of business administration degree from Tsinghua University and is a senior engineer. Mr. LIU is primarily responsible for the daily operation and administrative management of the Jiangsu region of the Group. Prior to joining the Group in 2011, Mr. LIU worked for the China State Group, a domestic company in China with international competitiveness in real estate industry, since 1999 and acted as a general manager of the Guangdong region of China Construction Fifth Engineering Division Corporation Ltd. of the China State Group. Mr. LIU has over 17 years of experience in real estate development, construction business, construction management, marketing, cost control and business management. Mr. LIU is a regional President of the Jiangsu region of the Group.

XIE Jinxiong (謝金雄), aged 45, is a vice President. Mr. XIE graduated from South China University of Technology majoring in civil engineering and China Europe International Business School with an EMBA degree. He is also a registered property manager and a registered real estate appraiser. Mr. XIE is primarily responsible for the daily operation and administrative management of the Shanghai-Suzhou region of the Group. Mr. XIE joined the Group in 1992 after his graduation from the university. He had served as a manager in engineering, cost control and property development; an assistant to President, a general manager of the real estate management; a general manager of the Municipal support department; a regional President of the eastern region and Chongqing region of the Group; a regional President of the Jiangsu-Anhui region of the Group, as well as several senior positions of the Group. Mr. XIE was awarded the "Outstanding Regional President of the Group" in 2012, 2013, 2015 and 2016. Mr. XIE has 25 years of experience in property investment, development and relevant business.

CORPORATE GOVERNANCE REPORT

The Group continues to improve its corporate governance practices, emphasizing the attainment and maintenance of a quality Board, sound risk management and internal controls, and high transparency and accountability to the Shareholders. The Board and the management are committed to the principles of good corporate governance consistent with prudent management and enhancement of shareholder value. The Board believes that good corporate governance will bring long-term benefits to the Shareholders and the Group.

Corporate Governance Practices

The Company has applied the principles and has complied with the code provisions of the Corporate Governance Code in the manner as described in the Corporate Governance Report throughout the year ended 31 December 2016.

Compliance with the Model Code

The Company has adopted the Model Code as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the year ended 31 December 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.

Strategic Planning

The Group has been committed to implementing a strategic management system which identifies and assesses potential opportunities and challenges, so as to formulate a long term growth strategy and a planned course of action. The strategy management department of the Group is responsible for organizing strategy research and discussions. At the start of every year, senior management of the Group reviews and develops the medium to long term strategic planning of the Group as well as annual budget planning.

Board of Directors

Composition

As at 31 December 2016, the Board consists of thirteen executive Directors, namely, Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Vice Chairman), Mr. MO Bin (President), Mr. ZHU Rongbin (Associate President), Mr. WU Jianbin (Chief Financial Officer), Ms. YANG Ziying, Mr. SU Rubo, Mr. OU Xueming, Mr. YANG Zhicheng, Mr. XIE Shutai, Mr. SONG Jun, Mr. LIANG Guokun and Mr. SU Baiyuan, one non-executive Director, namely, Mr. CHEN Chong and seven independent non-executive Directors, namely, Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan, Ms. HUANG Xiao, Mr. MEI Wenjue and Mr. YEUNG Kwok On. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company respectively.

Mr. CHEN Chong was appointed as a non-executive Director with effect from 8 December 2016. Mr. SU Rubo and Mr. OU Xueming will resign as executive Directors with effect from 1 April 2017. Mr. WU Jianbin and Ms. HUANG Xiao will resign as executive Director and independent non-executive Director respectively with effect from 1 April 2017.

Ms. YANG Huiyan and Ms. YANG Ziying are the daughters of Mr. YEUNG Kwok Keung, Mr. CHEN Chong is the husband of Ms. YANG Huiyan and Mr. YANG Zhicheng is the nephew of Mr. YEUNG Kwok Keung. Save as disclosed above, none of the other Directors has or maintained any family relationship with any of the other Directors.

Independent Non-executive Directors

The independent non-executive Directors are of sufficient number and calibre for their views to carry weight. The functions of independent non-executive Directors include:

- bringing an independent view and judgment at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinizing the Company's performance and monitoring performance reporting.

The independent non-executive Directors have made a positive contribution to the development of the Company's strategies and policies through independent, constructive and informed comments. They benefit the Board and the Board committees by their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation at the meetings of the Board and the Board committees.

In addition to the regular Board meetings, the Chairman met with the independent non-executive Directors without the presence of the executive Directors during the year ended 31 December 2016.

Composition of the Board is disclosed, and the independent non-executive Directors are identified, in all corporate communications to the Shareholders.

Confirmation of Independence

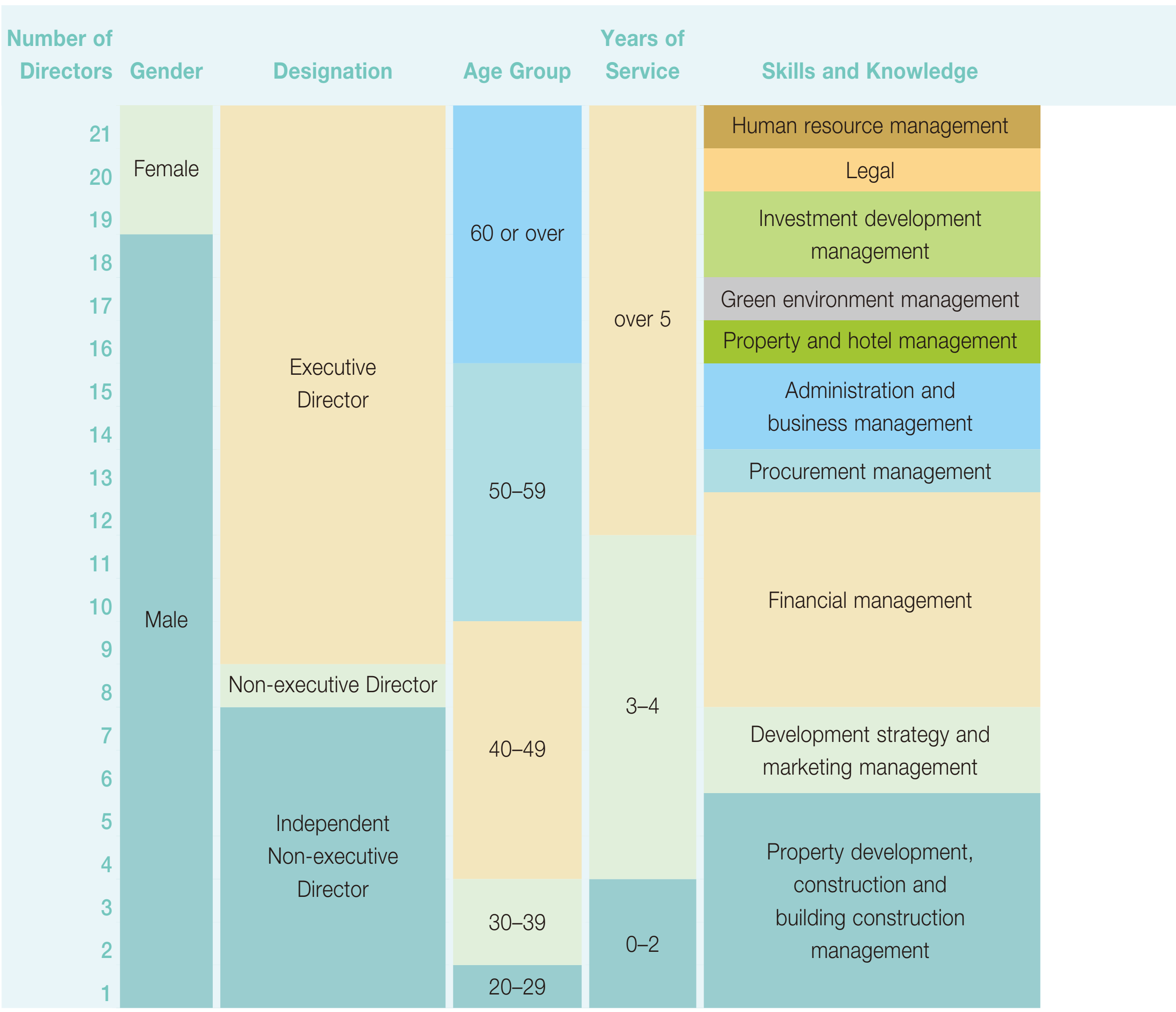
The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules. Each of the independent non-executive Directors has made an annual written confirmation of independence pursuant to rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in rule 3.13 of the Listing Rules and are independent.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Board has adopted a board diversity policy effective as from 6 August 2013, and has reviewed and adopted two additions to the policy in relation to its objectives and scope effective as from 15 March 2016. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, skills, knowledge and length of service. The ultimate selection decision will be based on merit and contribution to the Board.

As at 31 December 2016, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:



Each of the Board members possessed different skills and knowledge, including property development, construction and building construction management, development strategy and marketing management, financial management, procurement management, administration and business management, property and hotel management, green environment management, investment development management, legal and human resource management, etc.. The Board is characterized by significant diversity in terms of gender, age, designation, length of service, skills and knowledge.

Roles and Functions of the Board and the Management

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management is delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

Appointment, Continuation of Appointment and Re-election of Directors

All executive Directors have entered into service contracts with the Company, the non-executive Director and all independent non-executive Directors have entered into letters of appointment with the Company with a specific term of two years (except for Mr. CHEN Chong, who has a term of appointment from 8 December 2016 to 31 December 2018) setting out key terms and conditions of their appointments. All Directors are subject to retirement in accordance with the Articles of Association.

According to the Articles of Association, (i) Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after the relevant appointment and be subject to re-election at such meeting; (ii) Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election; and (iii) at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years. As such, no Directors have a term of appointment longer than three years.

CORPORATE GOVERNANCE REPORT

Board Meetings

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person. For those Directors who are not able to attend these meetings in person, participation by telephone conference is available.

Notice of at least 14 days shall be given for a regular Board meeting to give all Directors an opportunity to attend. The draft of the agenda of the Board meeting shall be sent together with the notice of the Board meeting to the Directors so as to allow the Directors to have sufficient time to propose matters for inclusion in the agenda. For all other Board meetings, reasonable notice will be given. To ensure that all Directors are properly informed about the matters to be discussed at each meeting, documents in relation to the meeting are sent to each Director at least three days prior to the meeting.

If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution.

The company secretary of the Company prepares detailed minutes of each meeting. After the meeting, draft and final versions of the minutes would be sent to the Directors for comment and records respectively as soon as practicable. Minutes of Board meetings and Board committees meetings are kept by the Listing Company Secretariat of the Company and are open for inspection by any Director on reasonable notice.

During the year ended 31 December 2016, the Directors have made active contribution to the affairs of the Group and four Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group. According to article 103(1) of the Articles of Association, a Director shall not be entitled to attend any Board meeting for approving any transaction in which he or his associates is materially interested. Any Board meeting which a Director is not so entitled to attend shall not be taken into account in determining that Director’s attendance record.

Attendance Record of Directors

The attendance record of Directors at the meetings of the Board, the Board committees and the Shareholders held during the year ended 31 December 2016 is set out below:

	Number of meetings attended/Number of meetings held for the year ended 31 December 2016							
Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee	Executive Committee Note 2	Finance Committee	Annual General Meeting
Executive Directors								
Mr. YEUNG Kwok Keung (Chairman)	4/4	N/A	2/2	3/3	3/3	27/27	N/A	1/1
Ms. YANG Huiyan (Vice Chairman)	4/4	N/A	N/A	N/A	3/3	27/27	31/33	0/1
Mr. MO Bin (President)	3/4	N/A	N/A	2/3	2/3	27/27	33/33	1/1
Mr. ZHU Rongbin (Associate President)	4/4	N/A	N/A	N/A	N/A	27/27	N/A	0/1
Mr. WU Jianbin (Chief Financial Officer)	4/4	N/A	N/A	N/A	N/A	27/27	33/33	1/1
Ms. YANG Ziying	4/4	N/A	N/A	N/A	N/A	27/27	N/A	0/1
Mr. SU Rubo	4/4	N/A	N/A	N/A	N/A	N/A	N/A	0/1
Mr. OU Xueming	4/4	N/A	N/A	N/A	N/A	N/A	N/A	0/1
Mr. YANG Zhicheng	4/4	N/A	N/A	N/A	N/A	27/27	N/A	0/1
Mr. XIE Shutai	4/4	N/A	N/A	N/A	N/A	N/A	N/A	0/1
Mr. SONG Jun	4/4	N/A	N/A	N/A	N/A	N/A	N/A	0/1
Mr. LIANG Guokun	4/4	N/A	N/A	N/A	N/A	N/A	N/A	0/1
Mr. SU Baiyuan	4/4	N/A	N/A	N/A	N/A	N/A	N/A	0/1
Non-executive Director								
Mr. CHEN Chong Note 1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Independent non-executive Directors								
Mr. LAI Ming, Joseph	3/4	2/3	1/2	2/3	N/A	N/A	N/A	1/1
Mr. SHEK Lai Him, Abraham	4/4	3/3	N/A	3/3	N/A	N/A	N/A	1/1
Mr. TONG Wui Tung, Ronald	4/4	3/3	2/2	3/3	N/A	N/A	N/A	1/1
Mr. HUANG Hongyan	4/4	3/3	2/2	3/3	N/A	N/A	N/A	1/1
Ms. HUANG Xiao	4/4	3/3	2/2	3/3	N/A	N/A	N/A	0/1
Mr. MEI Wenjue	4/4	N/A	N/A	N/A	N/A	N/A	N/A	0/1
Mr. YEUNG Kwok On	3/4	N/A	N/A	N/A	N/A	N/A	N/A	0/1

Note 1: Mr. CHEN Chong was appointed as a non-executive Director on 8 December 2016. After his appointment, no meeting of the Board, the Board committees and the Shareholders was held.

Note 2: The Executive Committee resolutions were passed by way of written resolutions in 2016.

CORPORATE GOVERNANCE REPORT

Access to Information

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including those changes to relevant rules and regulations and are able to make further enquiries when necessary. Sufficient explanation and information have been provided to the Board to enable the Board to make an informed assessment of financial and other information put before it for approval. They also have unrestricted access to the advice and services of the company secretary of the Company, who is responsible for providing the Directors with board papers and related materials. A monthly update which gives a balanced and concise assessment of the Company's performance, position and prospects in sufficient details is provided to all Directors to enable the Board as a whole and each Director to discharge his or her duty. The Board has also agreed that the Directors may seek independent professional advice in performing their Directors' duties at the Company's expense.

Directors and Officers Liability Insurance

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against the Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Directors' Training and Professional Development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills. During the year ended 31 December 2016, the Directors have participated in continuing professional development ("CPD"). All Directors have provided the Company with their records of training received for the year. A summary of their records of training is provided as follows:

Directors	Types of CPD (Note 1)	Subject of CPD (Note 2)
Executive Directors		
Mr. YEUNG Kwok Keung (Chairman)	1, 2	A, B
Ms. YANG Huiyan (Vice Chairman)	1, 2	A, B
Mr. MO Bin (President)	1, 2	A, B
Mr. ZHU Rongbin (Associate President)	1, 2	A, B
Mr. WU Jianbin (Chief Financial Officer)	1, 2	A, B
Ms. YANG Ziying	1, 2	A, B
Mr. SU Rubo	1, 2	A, B
Mr. OU Xueming	1, 2	A, B
Mr. YANG Zhicheng	1, 2	A, B
Mr. XIE Shutai	1, 2	A, B
Mr. SONG Jun	1, 2	A, B
Mr. LIANG Guokun	1, 2	A, B
Mr. SU Baiyuan	1, 2	A, B

Directors	Types of CPD (Note 1)	Subject of CPD (Note 2)
Non-executive Director		
Mr. CHEN Chong	1, 2	A, B
Independent non-executive Directors		
Mr. LAI Ming, Joseph	1, 2	A, B
Mr. SHEK Lai Him, Abraham	1, 2	A, B
Mr. TONG Wui Tung, Ronald	1, 2	A, B
Mr. HUANG Hongyan	1, 2	A, B
Ms. HUANG Xiao	1, 2	A, B
Mr. MEI Wenjue	1, 2	A, B
Mr. YEUNG Kwok On	1, 2	A, B

Note 1:

1 Attending in-house briefings/training, seminars, conference or forums

2 Reading newspapers, journals and updates

Note 2:

A. Businesses related to the Company

B. Laws, rules and regulations, accounting standards

Chairman and President

The roles of the Chairman and the President are separated to reinforce independence, accountability and responsibility. Mr. YEUNG Kwok Keung, the Chairman, is responsible for the formulation of development strategies, investment decision making, overall project planning at the Group level, leading the Board and ensuring that the Board functions properly and effectively, whilst Mr. MO Bin, the President, is responsible for the management of the daily operation and general administration of the Group. Their respective responsibilities are clearly established and defined by the Board in writing.

In performing the role of Chairman, Mr. YEUNG Kwok Keung is responsible for, among other things:

- ensuring that good corporate governance practices and procedures are established;
- ensuring that all Directors are properly briefed on issues arising at Board meetings and that all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- encouraging all Directors to make a full and active contribution to the Board's affair and to voice their concerns even with different views, allowing sufficient time for discussion of issues, ensuring that Board decisions fairly reflect the Board's consensus, and taking the lead to ensure that the Board acts in the best interests of the Group;

CORPORATE GOVERNANCE REPORT

- ensuring that appropriate steps are taken to provide effective communication with the Shareholders and their views are communicated to the Board as a whole; and

- promoting a culture of openness and debate by facilitating the effective contribution of independent non-executive Directors in particular and ensuring constructive relations between executive and independent non-executive Directors.

In performing the role of President, Mr. MO Bin is responsible for, among other things:

- organizing and managing the Group's business;

- leading the corporate team to implement the strategies and plans established by the Board; and

- coordinating overall daily business operations of the Group.

Board Committees

The Board has established six committees with specific written terms of reference to oversee particular aspects of the Company's affairs.

Audit Committee

The Audit Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. All the members of the Audit Committee are independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao (will resign on 1 April 2017). Mr. LAI Ming, Joseph, who has appropriate professional accounting qualifications and financial management expertise as required under the Listing Rules, was appointed as the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the auditors of the Company.

The principal duties of the Audit Committee include, among other things: (i) being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) developing and implementing a policy on engaging an external auditor to supply non-audit services; (iv) monitoring the integrity of the Company's financial statements and the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, before submission of the financial statements and reports to the Board, and reviewing significant financial reporting judgments contained in them; (v) reviewing the Company's financial control, risk management and internal control systems; and (vi) discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. The Audit Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2016, the Audit Committee held three meetings and has duly discharged the above duties. The attendance record of individual Directors at the Audit Committee meetings is set out on page 81 of the annual report.

Nomination Committee

The Nomination Committee was established in March 2012 with written terms of reference, which are posted on the websites of the Stock Exchange and the Company respectively. The Nomination Committee is chaired by an executive Director, Mr. YEUNG Kwok Keung and consists of four other members, who are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao (will resign on 1 April 2017).

The principal duties of the Nomination Committee include, among other things: (i) reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (iii) assessing the independence of independent non-executive Directors; and (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2016, the Nomination Committee held two meetings and has duly discharged the above duties. The attendance of individual Directors at the Nomination Committee meeting is set out on page 81 of the annual report.

Remuneration Committee

The Remuneration Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and the Company respectively. The Remuneration Committee is chaired by an independent non-executive Director, Mr. TONG Wui Tung, Ronald and consists of six members, of whom two are executive Directors being Mr. YEUNG Kwok Keung and Mr. MO Bin, and four are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. HUANG Hongyan and Ms. HUANG Xiao (will resign on 1 April 2017).

The principal duties of the Remuneration Committee include, among other things: (i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management of the Group; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) making recommendations to the Board on the remuneration packages of individual Directors and senior management.

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The Remuneration Committee may consult the Chairman or the President about its remuneration proposals for the other executive Directors and senior management, seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2016, the Remuneration Committee held three meetings and has duly discharged the above duties. The attendance of individual Directors at the Remuneration Committee meetings is set out on page 81 of the annual report.

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

RMB	Number of members of senior management
1,000,001 to 2,000,000	1
2,000,001 to 3,000,000	1
3,000,001 to 4,000,000	2
5,000,001 to 6,000,000	3
6,000,001 to 7,000,000	1
7,000,001 to 8,000,000	2
8,000,001 to 9,000,000	2
9,000,001 to 10,000,000	2
17,000,001 to 18,000,000	1
25,000,001 to 26,000,000	1
39,000,001 to 40,000,000	1
43,000,001 to 44,000,000	1

Corporate Governance Committee

The Corporate Governance Committee was established in March 2012 with written terms of reference. The members of the Corporate Governance Committee are all executive Directors, namely Mr. YEUNG Kwok Keung, Ms. YANG Huiyan and Mr. MO Bin. Mr. YEUNG Kwok Keung was appointed as the chairman of the Corporate Governance Committee.

The principal duties of the Corporate Governance Committee include, among other things: (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Group's employees and Directors; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report. The Corporate Governance Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2016, the Corporate Governance Committee held three meetings and has duly discharged the above duties. The attendance of individual Directors at the Corporate Governance Committee meetings is set out on page 81 of the annual report.

Executive Committee

The Executive Committee was established in June 2014 with written terms of reference. The members of the Executive Committee are all executive Directors, namely Mr. YEUNG Kwok Keung, Ms. YANG Huiyan, Mr. MO Bin, Mr. ZHU Rongbin, Mr. WU Jianbin (will resign on 1 April 2017), Ms. YANG Ziying and Mr. YANG Zhicheng. Mr. YEUNG Kwok Keung was appointed as the chairman of the Executive Committee.

The principal duties of the Executive Committee include, among other things: (i) discussing and making decisions on matters relating to the management and operations of the Company including but not limited to corporate matters, forming financial/treasury plans and strategies; (ii) considering and making recommendations to the Board on acquisitions of or investments in business or projects; and (iii) reviewing and discussing any other matters as may from time to time be delegated by the Board. The Executive Committee may seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2016, the Executive Committee met when necessary and has duly discharged the above duties.

Finance Committee

The Finance Committee was established in August 2014 with written terms of reference. The Board has approved the revision of the terms of reference of the Finance Committee on 13 May 2015, 15 March 2016 and 4 January 2017 respectively. The Finance Committee is chaired by an executive Director, Mr. WU Jianbin (will resign on 1 April 2017) and consists of five other members, of whom two are executive Directors being Ms. YANG Huiyan and Mr. MO Bin, and three are senior management of the finance centre of the Company. With effect from 1 April 2017, the composition of the Finance Committee will change to three executive Directors (including the Vice Chairman and the President), the Chief Financial Officer (as the chairman of the Finance Committee) and two senior management of the finance centre of the Company.

The principal duties of the Finance Committee include, among other things: (i) being responsible for the management of finance and capital and approval of any financial projects and/or guarantees for the amount between USD200 million and USD300 million per transaction; and (ii) being responsible for non-principal business transactions including but not limited to projects in equity acquisition, cash investment or acquisition and approval of any such projects with an upper limit of USD100 million per transaction. The Finance Committee may seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2016, the Finance Committee met when necessary and has duly discharged the above duties.

CORPORATE GOVERNANCE REPORT

Company Secretary

Mr. HUEN Po Wah, who was a director of Fair Wind Secretarial Services Limited which provides professional services to various listed companies, was appointed as the company secretary of the Company. Mr. HUEN was not a full time employee of the Company. He was responsible for advising the Board on corporate governance matters. Mr. HUEN has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2016. Mr. HUEN Po Wah has resigned as the company secretary of the Company as he has reached retirement age and the Board has appointed Mr. LEUNG Chong Shun as the company secretary of the Company both with effect from 1 October 2016. Mr. LEUNG, a practicing lawyer in Hong Kong, is not a full time employee of the Company. He is responsible for advising the Board on corporate governance and Hong Kong legal matters. Mr. LEUNG has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 December 2016.

The primary contact person of the Company with the company secretary of the Company is Ms. SIN Lai Lan, the head of the Listing Company Secretariat of the Company.

Risk Management and Internal Control Systems

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and the Shareholders' interests, as well as, with the Audit Committee and the Risk Management Internal Committee, reviewing the effectiveness of these systems. The Group's risk management and internal audit department is delegated with responsibility to ensure and maintain sound risk management and internal control systems by continuously reviewing and monitoring the operation of the risk management and internal control systems and procedures so as to manage rather than eliminate the risk of failure to achieve business objectives and ensure that they can provide reasonable and not absolute assurance against material misstatement or loss and to manage risks of failure in the Group's operational systems. In addition, the Company has engaged independent consultants to conduct review of the risk management and internal control systems of the Group.

Risk Management And Internal Control

Objectives

The risk management and internal control systems are designed and implemented to achieve the following business objectives:

- evaluating and determining the nature and extent of the risks the Company is willing to take in achieving its strategic objectives

- effectiveness and efficiency of operations

- reliability of financial reporting
- compliance with applicable laws and regulations

Group Risk Management Framework

The Group's risk management and internal control systems were developed by making reference to the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Group's risk management and internal control systems consist of eight interdependent integrated components. They jointly ensure the operation of the Group's risk management and internal control systems. These components are internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication, and monitoring.

In order to enhance the effectiveness of the risk management and internal control systems, as well as to improve the level of management and risk response ability of the Group, the Board announced the establishment of the Risk Management Internal Committee on 13 May 2015. The Risk Management Internal Committee is authorized by the Audit Committee to deal with the Group's risk management matters, including overseeing the effectiveness of the Group's strategies and risk management system. On this basis, the Board established a risk management structure which consists of three levels, i.e. the Risk Management Internal Committee, risk management execution party and risk management monitoring party. The chart below shows the organization structure of the Group's risk management framework.

CORPORATE GOVERNANCE REPORT

The roles of the key parties in our risk management structure are outlined below:

Risk Management Internal Committee (Decision Making)

- Establish and update the Company's risk management policies
- Review the Company's risk appetite, risk management strategies and risk management framework, and report the review results to the Audit Committee and provide recommendations for improvement
- Set up risks identification, assessment and management procedures
- Oversee the implementation of risk management policies and compliance with relevant statutory rules and regulations
- Report any significant risk management issues to the Audit Committee and the suggested solutions
- Review the results of the stress-testing for the major risks and the assessment on the Company's capability to withstand the stressed conditions particularly in terms of profitability, capital adequacy and liquidity
- Perform other relevant duties as requested by the Audit Committee

Management at the Group's Headquarters (Execution)

Senior management (President, Associate President and Vice Presidents) are responsible for Group-level risk management:

- Responsible for the design and implementation of the overall risk management systems, including organizing and coordinating cross-functional risk management work, as well as providing professional advice to significant decisions which involve considerable risks
- Under the organization and coordination of senior management, the respective functional centers participate in cross-divisional and other relevant risk management activities

Management at the subsidiaries of the Group (Execution)

- Management as divided by areas, projects, subsidiaries and branches are responsible for risk management at the respective level
- Under the organization and coordination of the Risk Management Internal Committee of the Group, the management staff members who are responsible for risk management at subsidiary level carry out risk management activities at business level according to the risk management procedures

The Group's Risk Management and Internal Audit Department (Monitoring)

- Monitor, review and evaluate the operation of risk management by the Group and its subsidiaries

During the year ended 31 December 2016, the Risk Management and Internal Audit Department assisted the Risk Management Internal Committee to coordinate an enterprise risk assessment, identify and score top ten risks at Group level, implement risk management assessment for district companies at some testing points, identify and score top ten risks at district level, assess existing risk management measures and management action plans. Assessment results have been properly reported to the Audit Committee.

Review of the Risk Management and Internal Control Systems

Management has formulated remedial action plans to address the gaps and weakness identified during internal control self-assessment, internal control reviews and internal audits, covering 9 business areas and more than 20 key business processes. The Group's risk management and internal audit department has conducted follow-up reviews periodically to ensure remedial actions are taken on a timely basis, and has reported the results of the follow-up reviews to the Audit Committee.

The Board, in conjunction with the Audit Committee and the Risk Management Internal Committee, annually assessed and reviewed the effectiveness of the Group's risk management and internal control systems and procedures covering all material controls, including financial, operational and compliance control and considered the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financing reporting function, and their training programmes and budget. The risk management and internal control systems were considered effective and adequate.

During the year ended 31 December 2016, the Audit Committee and the Risk Management Internal Committee have reviewed reports from the Group's risk management and internal audit department and independent consultants with their findings and recommendations for improvement. The external auditors have also reported any observations they identified in the course of their work to the Group, and are satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

During the year ended 31 December 2016, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;

CORPORATE GOVERNANCE REPORT

- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation was monitored by the Company; and
- has mode broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

Whistleblower Policy

The Group has established a whistleblower policy since 2008. Whistleblowing channels are published in all workplace. The policy is to facilitate employees, partners and customers to report complaints and internal malpractices to the Supervision Department of the Company, who will review, investigate and follow up these complaints. Once cases are verified, certain rewards will be granted to whistleblowers, and investigation results will be announced within the Company as warnings.

Auditor's Remuneration

For the year ended 31 December 2016, the remuneration paid/payable to the auditor of the Company is set out as follows:

Services rendered	RMB'000
Audit service for 2016:	
Annual audit services of the Company	7,800
Others	3,480
Non-audit services in relation to:	
Issue of senior notes	1,460
Accounting advisory services on investment and financing	1,000
Others	3,401

Directors' Responsibility on the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2016, which were prepared in accordance with statutory requirements and applicable accounting standards. The Board aims to present a balanced, clear and understandable assessment of the Group's position and prospects in annual reports, interim reports and other financial disclosures required by the Listing Rules.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group is set out in the independent auditor's report on pages 118 to 123 of this annual report.

Communication with Shareholders

The Board adopted a shareholders' communication policy reflecting the current practices of the Company for communication with its Shareholders, which has been posted on the website of the Company. The general meeting of the Company provides a platform for Shareholders to exchange views with the Board.

Shareholders' Right

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company can make a written requisition to the Board or the company secretary of the Company to require an extraordinary general meeting to be convened pursuant to article 58 of the Articles of Association. The written requisition must state the objects of the meeting, and must be signed by the relevant Shareholder(s) and deposited at the registered office of the Company at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, in addition to the principal place of business in Hong Kong at Suite 1702, 17/F., Dina House, Ruttonjee Centre,11 Duddell Street, Central, Hong Kong.

If within 21 days of the deposit of the requisition, the Board fails to proceed to convene an extraordinary general meeting, the relevant Shareholder(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the relevant Shareholder(s) as a result of the failure of the Board to convene a meeting shall be reimbursed to the relevant Shareholder(s) by the Company.

There are no provisions under the Articles of Association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Board or the company secretary of the Company at the principal place of business in Hong Kong or by email to ir@countrygarden.com.cn.

Constitutional Documents

During the year ended 31 December 2016, there was no change in the Company's constitutional documents.

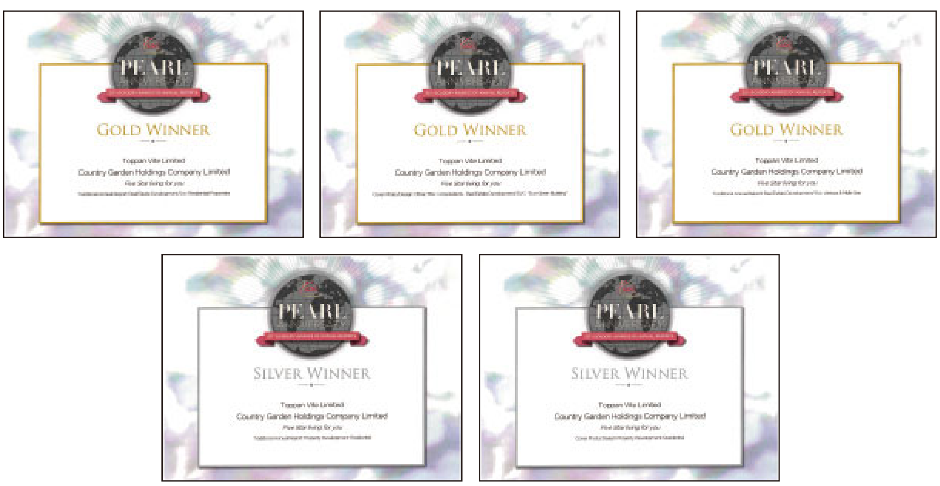
CORPORATE GOVERNANCE REPORT

Investor Relations

As a listed company, the Group respects voices from the Shareholders and the capital market. The Group is constantly committed to enhancing the information transparency and strengthening the level of corporate governance so as to strive for greater value for the Shareholders.

The Group formulated a systematic platform for information disclosure and communication. The Group facilitates communication through various channels such as internet networks, site visits and meetings, and timely responses to the demand from the Shareholders and investors. For the year ended 31 December 2016, the Group further optimized its monthly newsletters and results presentations in order to provide further details which improved the quality of information disclosure; the Group continued its close communication with investors by organizing annual and interim results meetings with analysts and media, reverse roadshows, exchanging ideas with senior management, corporate open days, and participating in roadshows held by various financial institutions in Asia-Pacific, North America and Europe regions. In the communication process, the Group timely introduced to investors its operating results, development strategy and business updates that enhanced investors' understanding of and confidence in the Group. Meanwhile, the dedicated team of the Group timely summarized and analyzed information of the capital market, and gave feedback to the management in a systematic manner. The effort in information disclosure is well recognized. The Group's 2015 Annual Report won five rewards in the 30th International ARC Awards Competition, including "Gold Winner" of Traditional Annual Report: Real Estate Development/Svc: Residential Properties.

Going forward, the dedicated investor relations team will, by way of calls, emails, online interaction platform, meetings, and site visits etc., continue its interaction with investors, listen to opinions from the market, convey information of the Group and protect the long-term trust between investors and the Group.



Details of the Group's business development and operation, financial information, corporate governance and other information, as well as information updates are available to the public on the Group's website at www.countrygarden.com.cn.

Major Events:

Date	Events	Location
7-Jan	BNP Paribas Asia Pacific Financials, Property & Logistics Conference	Hong Kong
24-Feb	Media Spring Luncheon	Hong Kong
15-Mar	Announcement of 2015 Annual Results • Press Conference • Investors Presentation	Hong Kong
16-Mar~31-Mar	Post Results Roadshow	Hong Kong, Singapore, Kuala Lumpur, Beijing, Shanghai
20-Apr	DBS Vickers Pulse of Asia Conference in HK	Hong Kong
29-Apr	Pan-Shenzhen In-depth Field Trip	Shenzhen
5-May	Macquarie Greater China Conference	Hong Kong
27-May	Country Garden Capital Market Open Day	Johor Bahru
13-Jun~15-Jun	12th Annual J.P.Morgan Global China Summit	Beijing
18-Aug	Announcement of 2016 Interim Results • Press Conference • Investors Presentation	Hong Kong
19-Aug~9-Sep	Interim Results Roadshow	Hong Kong, Singapore, Shanghai, Beijing
6-Sep~7-Sep	Nomura China Investor Forum 2016	Shanghai
27-Oct~28-Oct	Nomura Non Deal Roadshow	Tokyo
3-Nov~4-Nov	Bank of America Merrill Lynch China Conference 2016	Beijing
28-Nov~3-Dec	J.P.Morgan Non Deal Roadshow	London, Boston

REPORT OF THE DIRECTORS

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

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in property development, construction, fitting and decoration, property management, property investment and hotel operation.

An analysis of the Group's revenue and operating results for the year ended 31 December 2016 by principal activities is set out in note 6 to the consolidated financial statements of the Group.

Results

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of comprehensive income of the Group on pages 126 to 127 of this annual report.

Business Review

The business review of the Group for the year ended 31 December 2016 is set out as below:

		Section(s) in this Annual Report	Page No. of the Annual Report
a.	Fair review of the Company's business	Management Discussion and Analysis	48 to 59
b.	Description of the principal risks and uncertainties the Company is facing		
c.	Particulars of important events affecting the Company that have occurred since the year ended 31 December 2016	Financial Statements Note 45	245
d.	Indication of likely future development of the Company's business	Management Discussion and Analysis	48 to 59
e.	Analysis using financial key performance indicators	Financial Summary, Financial Highlights and Management Discussion and Analysis	46, 47 and 48 to 59

		Section(s) in this Annual Report	Page No. of the Annual Report
f.	Discussion on the Company's environmental policies and performance	Country Garden has always strived to operate environmentally, make efficient use of resources and foster a green living environment in property projects that we develop. Minimising adverse impact of construction and development as well as promoting green buildings and green offices are some of our most important environmental responsibilities. We stringently comply with legislations related to environmental protection in markets that we operate in, and take location-specific environmental conditions into concern whenever we develop a project, to minimise our impact on the natural environment. Further information about the Company's environmental policies and performance is described in the "Country Garden Sustainability Report 2016" (a standalone report)	Not applicable
g.	An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depend	Management Discussion and Analysis and Report of the Directors	58 to 59 and 101
h.	Discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company	Corporate Governance Report and Report of the Directors	76 to 95 and 96 to 115

REPORT OF THE DIRECTORS

Final Dividend

The Directors recommend the payment of a final dividend of RMB10.20 cents in the form of cash (2015: RMB6.47 cents) per Share for the year ended 31 December 2016 to the Eligible Shareholders, and total dividends for the year would be RMB17.12 cents per Share (2015: RMB12.95 cents).

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Monday, 22 May 2017 to Friday, 26 May 2017. It is expected that the final dividend warrants will be dispatched to the Eligible Shareholders on or around Wednesday, 12 July 2017.

Property, Plant and Equipment

Details of the movements in property, plant and equipment during the year ended 31 December 2016 are set out in note 7 to the consolidated financial statements of the Group.

Borrowings

Details of the borrowings during the year ended 31 December 2016 are set out in note 25 to the consolidated financial statements of the Group.

Share Capital

Details of the movements in the share capital of the Company during the year ended 31 December 2016 are set out in note 26 to the consolidated financial statements of the Group.

Senior Notes and Corporate Bonds Issued

During the year ended 31 December 2016, the Company has issued senior notes and corporate bonds as follows:

(a) Senior Notes

1. On 20 September 2016, the Company issued USD650,000,000 4.75% senior notes due 2023. The net proceeds after deducting the underwriting discount and other estimated expenses in connection with the note issue amounted to approximately USD633,300,000 and would be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

2. On 7 December 2016, the Company issued USD350,000,000 5.625% senior notes due 2026. The net proceeds after deducting the underwriting discount and other estimated expenses in connection with the note issue amounted to approximately USD346,600,000 and would be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

All senior notes are listed on Singapore Exchange Securities Trading Limited.

(b) Corporate Bonds

1. On 2 March 2016, the Company issued its "first tranche of non-public domestic corporate bonds in 2016" with a principal amount of RMB4,000,000,000 and a coupon rate at 4.75% per annum, with tenure of 5 years. The net proceeds after deducting the discount and other estimated expenses amounted to approximately RMB3,980,000,000 and would be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

2. On 29 March 2016, the Company issued its "second tranche of non-public domestic corporate bonds in 2016" with a principal amount of RMB4,000,000,000 and a coupon rate at 4.55% per annum, with tenure of 4 years. The net proceeds after deducting the discount and other estimated expenses amounted to approximately RMB3,980,000,000 and would be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

3. On 2 August 2016, the Company issued its "third tranche of non-public domestic corporate bonds in 2016" with a principal amount of RMB1,000,000,000 and a coupon rate at 4.60% per annum, with tenure of 5 years. The net proceeds after deducting the discount and other estimated expenses amounted to approximately RMB995,000,000 and would be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

4. On 2 September 2016, the Company issued its "fourth tranche of non-public domestic corporate bonds in 2016" with an aggregated principal amount of RMB10,000,000,000, of which, the coupon rate for a principal amount of RMB4,170,000,000 has been fixed at 4.15% per annum, with tenure of 4 years, and the Company can adjust the coupon rate and investors can exercise retractable option at the end of the second year and the coupon rate for a principal amount of RMB5,830,000,000 has been fixed at 5.65% per annum, with tenure of 7 years, and the Company can adjust the coupon rate and investors can exercise retractable option at the end of the fifth year. The net proceeds after deducting the discount and other estimated expenses amounted to approximately RMB9,959,000,000 and would be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

During the year ended 31 December 2016, certain subsidiaries of the Group issued corporate bonds at an aggregate par value of RMB3,000,000,000. The Group received net proceeds of RMB2,987,130,000 in aggregate, which would be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

Details of the senior notes and corporate bonds issued during the year ended 31 December 2016 are set out in notes 23 and 24 to the consolidated financial statements of the Group.

REPORT OF THE DIRECTORS

Equity Linked Agreements

Save as disclosed in the sections headed "Share Option Scheme" and "Employee Incentive Scheme", no equity linked agreements were entered into during or subsisted at the end of the year ended 31 December 2016.

Directors' Right to Acquire Shares or Debentures

Save as disclosed in the section headed "Share Option Scheme", at no time during the year ended 31 December 2016 was the Company, any of its subsidiaries, fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

Distributable Reserves

As at 31 December 2016, the distributable reserve of the Company amounted to approximately RMB2,484,160,000 (2015: approximately RMB1,748,949,000).

Details of the movements in reserves during the year ended 31 December 2016 are set out in note 46 to the consolidated financial statements of the Group.

Donations

The total donations made by the Group during the year ended 31 December 2016 amounted to approximately RMB420,009,000 (2015: approximately RMB83,038,000).

Permitted Indemnity Provision

The Articles of Association provide that every Director is entitled to be indemnified out of the assets of the Company against all losses and damages which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Group has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors.

The permitted indemnity provision was in force during the year ended 31 December 2016 for the benefit of the Directors.

Financial Summary

A financial summary of the Group is set out on page 46 of this annual report.

Major Customers and Suppliers

For the year ended 31 December 2016, revenue attributable to the largest customer of the Group amounted to approximately 0.19% of the total revenue of the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue of the year.

For the year ended 31 December 2016, purchases attributable to the largest supplier of the Group amounted to approximately 0.61% of the total purchases in the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

Directors' and Shareholders' Interests in Suppliers and Customers of the Group

During the year ended 31 December 2016, so far as the Directors are aware, the following persons who are Directors or Shareholders (who to the knowledge of the Directors own more than 5% of the issued shares of the Company) had direct or indirect interest in the five largest customers and suppliers of the Group:

Name of customer of the Group	Name of Directors or persons interested in more than 5% of the Company's issued shares	Type of interest
Qingyuan CG	Ms. YANG Huiyan	52% equity interest
	Mr. SU Rubo	12% equity interest
	Mr. OU Xueming	12% equity interest

Save as disclosed above, the Directors, their close associates and the Shareholders (who to the knowledge of the Directors own more than 5% of the issued shares of the Company) did not have any interests in the five largest customers and suppliers of the Group for the year ended 31 December 2016.

Management Contracts

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

REPORT OF THE DIRECTORS

Directors and Directors' Service Contracts

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

Executive Directors

Mr. YEUNG Kwok Keung (Chairman)
Ms. YANG Huiyan (Vice Chairman)
Mr. MO Bin (President)
Mr. ZHU Rongbin (Associate President)
Mr. WU Jianbin (Chief Financial Officer) (will resign on 1 April 2017)
Ms. YANG Ziying
Mr. SU Rubo (will resign on 1 April 2017)
Mr. OU Xueming (will resign on 1 April 2017)
Mr. YANG Zhicheng
Mr. XIE Shutai
Mr. SONG Jun
Mr. LIANG Guokun
Mr. SU Baiyuan

Non-executive Director

Mr. CHEN Chong (appointed on 8 December 2016)

Independent non-executive Directors

Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung, Ronald
Mr. HUANG Hongyan
Ms. HUANG Xiao (will resign on 1 April 2017)
Mr. MEI Wenjue
Mr. YEUNG Kwok On

In accordance with article 87 of the Articles of Association, Mr. XIE Shutai, Mr. SONG Jun, Mr. LIANG Guokun, Mr. SU Baiyuan, Mr. LAI Ming, Joseph and Mr. YEUNG Kwok On shall retire from office by rotation and, being eligible, offer themselves for re-election at the 2017 AGM.

In accordance with article 86(3) of the Articles of Association, Mr. CHEN Chong shall hold office only until the next following annual general meeting of the Company and, being eligible, offer himself for re-election at the 2017 AGM.

No Director proposed for re-election at the 2017 AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

Changes to Information in Respect of Directors

In accordance with rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) between 18 August 2016 (being the date of approval of the Company's interim report 2016) and up to the date of this report are set out below:

Directors' Information	Appointment (effective)	Cessation (effective)
Mr. HUANG Hongyan		
Guangdong Transtek Medical Electronics Co., Ltd. (Stock Code: SZ.300562) (shares of that company are listed on the Shenzhen Stock Exchange on 16 November 2016) – Independent director	5 June 2013	–
Mr. MEI Wenjue		
Sichuan Huapu Modern Agriculture Co., Ltd. (shares of that company are listed on the National Equities and Quotations on 18 July 2016) – Director	28 March 2015	
Mr. SHEK Lai Him, Abraham		
TUS International Limited (Stock Code: 872) – Independent non-executive director	–	6 January 2017

Directors' and Senior Management's Emoluments and Five Highest Paid Individuals

Details of the remuneration of the Directors and senior management, together with those of the five highest paid individuals of the Group for the year ended 31 December 2016 are set out in note 48 and note 33 to the consolidated financial statements of the Group.

The emolument payable to the Directors (including salary and other benefits) are recommended by the Remuneration Committee of the Company for the Board's approval, having regard to the Group's results, Directors' performance, duties, etc.

Directors' Interests in Contracts of Significance

Save as disclosed under the paragraph headed "Continuing Connected Transactions", no transactions, arrangements or contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director or his or her connected entities had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2016.

Directors' and Their Associates' Interests in Competing Business

Ms. YANG Huiyan, Mr. SU Rubo (will resign on 1 April 2017) and Mr. OU Xueming (will resign on 1 April 2017) (all being Directors) respectively owned 52%, 12% and 12% interest in each of Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd.. Qingyuan CG is the developer of the Qingyuan Holiday Islands project situated in Qingyuan which offers various types of products including villas, townhouses and low-rise apartments, while Qingyuan Country Cultural Development Co., Ltd. operates the Qingyuan Cultural Park located in Shijiao Town, Qingcheng District in Qingyuan. Since Qingyuan

REPORT OF THE DIRECTORS

CG and Qingyuan Country Cultural Development Co., Ltd. mainly conduct property development business, both companies have business which may compete with the Group's business. Throughout the year ended 31 December 2016, the Company carried on its business independently of, and at arm's length from the business of these two companies. Save as disclosed above, as at 31 December 2016, none of the Directors and their associates (as defined in the Listing Rules) was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Continuing Connected Transactions

The following continuing connected transactions were recorded during the year ended 31 December 2016 and up to the date of this annual report:

(a) Continuing Connected Transactions

During the year ended 31 December 2016, the Company has entered into certain transactions which constitute continuing connected transactions (as defined in the Listing Rules) of the Company. Pursuant to the disclosure requirements in the annual report under rule 14A.49 of the Listing Rules, details of these transactions are set out below:

1. *Design Services Agreement*

Pursuant to the Design Services Agreement entered into between Shunde Country Garden and Elite Architectural, Elite Architectural agreed to provide survey work, property design and interior design services to the Group on terms no less favourable than those available to independent third parties for three years commencing from 1 January 2014 and subject to the annual caps of not exceeding RMB1,500 million, RMB1,800 million and RMB2,000 million for each of the three years ended 31 December 2014, 2015 and 2016 respectively. For the year ended 31 December 2016, the total amount of survey work, property design and interior design services charged by Elite Architectural amounted to RMB1,055 million.

As the Design Services Agreement has expired on 31 December 2016, it was renewed by Shunde Country Garden and Elite Architectural entering into a design services further supplemental agreement (the "Design Services Further Supplemental Agreement") on 30 December 2016 for the provision of survey work, property design and interior design services by Elite Architectural to the Group for a further term of 3 years commencing from 1 January 2017. The annual caps under the Design Services Further Supplemental Agreement are not exceeding RMB2,000 million, RMB2,200 million and RMB2,500 million respectively for each of the three years ending 31 December 2017, 2018 and 2019 respectively.

2. *Construction Services Agreement*

Pursuant to the Construction Services Agreement entered into between Giant Leap and Qingyuan CG, Giant Leap agreed to provide construction services to Qingyuan CG on terms no less favourable than those offered by independent third parties to Qingyuan CG for comparable services for two years commencing from 1 January 2015 and subject to the annual caps of not exceeding RMB200 million for each of the two years ended 31 December 2015 and 2016 respectively. For the year ended 31 December 2016, the value of construction services provided by Giant Leap amounted to RMB57 million.

As the Construction Services Agreement has expired on 31 December 2016, it was renewed by Giant Leap and Qingyuan CG entering into a construction services agreement (the "2017 Construction Services Agreement") on 30 December 2016 for the provision of construction services by Giant Leap to Qingyuan CG for a further term of three years commencing from 1 January 2017. The annual caps under the 2017 Construction Services Agreement are not exceeding RMB200 million for each of the three years ending 31 December 2017, 2018 and 2019.

The above continuing connected transactions are all subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under the Listing Rules.

(b) Annual Review of Continuing Connected Transactions

Pursuant to rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms or better, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of rule 14A.56 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and

(iv) have exceeded the cap.

REPORT OF THE DIRECTORS

(c) Others

The continuing connected transactions disclosed above also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made during the year ended 31 December 2016 is disclosed in note 44 to the financial statements.

Certain items under note 44(a) to the financial statements also constitute connected/continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected/continuing connected transactions.

Share Option Scheme

On 20 March 2007, the Share Option Scheme was approved and adopted by the then Shareholders. A summary of the principal terms of the Share Option Scheme is set out as follows:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives to the participants.

(ii) Eligible Participants

The participants of the Share Option Scheme are employees of the Company and its subsidiaries including the executive Directors and non-executive Directors.

(iii) Grant of Options

The Board shall be entitled at any time, within 10 years after the date of adoption of the Share Option Scheme, to make an offer of the grant of an option to any participant.

(iv) Payment on Acceptance of Option Offer

HKD1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant within 28 days from the date upon which the option offer is made.

(v) Subscription Price of Shares

The subscription price of an option to subscribe for Shares granted pursuant to the Share Option Scheme shall be the highest of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option offer is made to a participant, which must be a business day;

- the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an option offer is made; and

- the nominal value of a Share.

(vi) Maximum Number of Shares Available for Subscription

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the global offering and the capitalization issue of the Company. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. As at 19 March 2017 (the date of expiry of the Share Option Scheme), a total of 1,636,000,000 Shares (including options to subscribe for 14,061,871 Shares that have been granted but not yet lapsed or exercised) (representing 7.66% of the issued share capital of the Company as at 19 March 2017) were available for issue under the Share Option Scheme.

(vii) Maximum Entitlement of Shares of each Participant

The total number of Shares issued and to be issued upon exercise of all options granted under the Share Option Scheme and any other share option scheme of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue. Where Shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option scheme of the Company (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director, or any of his or her associate in the 12-month period up to and including the date of grant, (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HKD5 million, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

(viii) Time of Exercise of Option

The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. The Board has the authority to determine the minimum period for which an option must be held before it can be exercised.

REPORT OF THE DIRECTORS

During the year, details of movements in the share options under the Share Option Scheme are as follows:

	Options to subscribe for Shares							
Category and name of grantees	Outstanding at 1 January 2016	Granted during the year	Exercised during the year	Lapsed/ Cancelled during the year	Outstanding at 31 December 2016	Exercise price per share	Date of grant (Note)	Exercisable period
Directors								
Mr. LAI Ming, Joseph	1,014,786	–	–	–	1,014,786	HK$3.646	30.11.2012	30.11.2012–29.11.2022
Mr. SHEK Lai Him, Abraham	1,014,786	–	–	–	1,014,786	HK$3.646	30.11.2012	30.11.2012–29.11.2022
Mr. TONG Wui Tung, Ronald	1,014,786	–	–	–	1,014,786	HK$3.646	30.11.2012	30.11.2012–29.11.2022
Mr. SU Rubo	–	204,231	–	(204,231)	–	HK$3.020	14.1.2016	14.1.2021–13.1.2026
	–	186,342	–	–	186,342	HK$3.332	16.3.2016	16.3.2021–15.3.2026
Mr. OU Xueming	968,146	–	–	–	968,146	HK$4.773	13.12.2013	13.12.2018–12.12.2023
Mr. YANG Zhicheng	1,515,933	–	–	–	1,515,933	HK$4.773	13.12.2013	13.12.2018–12.12.2023
	–	1,653,950	–	(1,653,950)	–	HK$3.020	14.1.2016	14.1.2021–13.1.2026
	–	1,509,074	–	–	1,509,074	HK$3.332	16.3.2016	16.3.2021–15.3.2026
	–	525,597	–	–	525,597	HK$3.106	11.5.2016	11.5.2021–10.5.2026
	–	449,031	–	–	449,031	HK$3.740	19.8.2016	19.8.2021–18.8.2026
Mr. SONG Jun	–	807,192	–	(807,192)	–	HK$3.020	14.1.2016	14.1.2021–13.1.2026
	–	736,487	–	–	736,487	HK$3.332	16.3.2016	16.3.2021–15.3.2026
	–	1,074,264	–	–	1,074,264	HK$3.106	11.5.2016	11.5.2021–10.5.2026
	–	816,050	–	–	816,050	HK$3.740	19.8.2016	19.8.2021–18.8.2026
Sub-total	5,528,437	7,962,218	–	(2,665,373)	10,825,282			
Employees of the Group	3,236,589	–	–	–	3,236,589	HK$4.773	13.12.2013	13.12.2018–12.12.2023
Sub-total	3,236,589	–	–	–	3,236,589			
Total	8,765,026	7,962,218	–	(2,665,373)	14,061,871			

The share options granted under the Share Option Scheme are not recognised in the financial statements of the Company until they are exercised. The Directors consider that it is not appropriate to disclose the value of the share options granted to the participants during the financial year, since any valuation of such share options would be subject to a number of assumptions that would be subjective and uncertain.

The Share Option Scheme has expired on 19 March 2017.

Note: The closing prices of the Shares immediately before the date of grant of 14 January 2016, 16 March 2016, 11 May 2016 and 19 August 2016 were HK$2.98, HK$3.20, HK$3.060 and HK$3.58 respectively.

Employee Incentive Scheme

The trust deed in respect of the Employee Incentive Scheme for the benefit of the senior management and employees of the Group which excludes any connected persons of the Company, together with the scheme rules, were approved by the Board officially. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance their performance and efficiency. During the year ended 31 December 2016, the Company had not purchased nor acquired any Shares from the market or by any other way in accordance with the Employee Incentive Scheme. During the year ended 31 December 2016, the Board has resolved to grant share awards under the Employee Incentive Scheme for 3,658,545 shares, 5,365,064 shares, 764,071 shares and 10,115,794 shares on 15 March 2016, 11 May 2016, 18 August 2016 and 8 December 2016 respectively subject to the registration and transfer procedures yet to be completed as at 31 December 2016. As at 31 December 2016, the cumulative total number of the Shares acquired under the Employee Incentive Scheme was 107,771,551 shares (31 December 2015: 107,771,551 shares). The trustee of the Employee Incentive Scheme is Power Great Enterprises Limited. Details of the employee share schemes (including the Employee Incentive Scheme) during the year are set out in note 27 to the consolidated financial statements of the Group.

The Board will continue to monitor the Employee Incentive Scheme for the benefit of the senior management and employees of the Group and if it shall consider appropriate and/or desirable, modify or replace the Employee Incentive Scheme and/or adopt any other incentive scheme.

REPORT OF THE DIRECTORS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

The Directors and chief executive who held office at 31 December 2016 had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

(a) Long positions in the shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of Ordinary Shares held	Number of underlying Shares held	Total	Percentage of the issued share capital as at 31.12.2016	Amount of debentures held
Mr. YEUNG Kwok Keung	Interest of controlled corporation	53,372,800[1]	–	53,372,800	0.24%	–
Ms. YANG Huiyan	Interest of controlled corporation	12,236,706,943[2]	–	12,236,706,943	56.63%	–
Mr. MO Bin	Beneficiary of a trust	3,200,000	–	–	–	–
	Beneficial owner	7,511,000	–	10,711,000	0.04%	–
Mr. ZHU Rongbin	Beneficial owner	2,756,042	–	2,756,042	0.01%	–
Mr. WU Jianbin	Beneficial owner	3,200,849	–	3,200,849	0.01%	–
Ms. YANG Ziying	Interest of controlled corporation	2,750,000	–	2,750,000	0.01%	–
Mr. SU Rubo	Interest of controlled corporation	749,437,312[3]	–	–	–	–
	Beneficial owner	–	186,342[5]	749,623,654	3.46%	
Mr. OU Xueming	Interest of controlled corporation	772,144,068[4]	–	–	–	–
	Beneficial owner	–	968,146[5]	773,112,214	3.57%	–
Mr. YANG Zhicheng	Beneficial owner	–	3,999,635[5]	3,999,635	0.01%	–
Mr. XIE Shutai	Interest of spouse	901,266[6]	–	901,266	0.01%	–
Mr. SONG Jun	Beneficial owner	–	2,626,801[5]	2,626,801	0.01%	–
Mr. LIANG Guokun	Interest of spouse	1,674,936[7]	–	1,674,936	0.01%	–
Mr. SU Baiyuan	Beneficial owner	436,096	–	–	–	–
	Interest of spouse	419,643[8]	–	855,739	0.01%	–
Mr. CHEN Chong	Interest of spouse	12,236,706,943[9]	–	12,236,706,943	56.63%	
Mr. LAI Ming, Joseph	Beneficial owner	–	1,014,786[5]	1,014,786	0.01%	–
Mr. SHEK Lai Him, Abraham	Beneficial owner	–	1,014,786[5]	1,014,786	0.01%	–
Mr. TONG Wui Tung, Ronald	Beneficial owner	–	1,014,786[5]	1,014,786	0.01%	–

Notes:

1. These Shares represent Shares held by Kenpac Investments Limited in which Mr. YEUNG Kwok Keung beneficially owns 90% of the issued share capital.
2. These Shares and/or underlying Shares represent Shares and/or underlying Shares held by Concrete Win Limited, Genesis Capital Global Limited and Golden Value Investments Limited in which Ms. YANG Huiyan beneficially owns the entire issued share capital respectively.
3. These Shares represent Shares held by Easy Hope Holdings Limited in which Mr. SU Rubo beneficially owns the entire issued share capital.
4. These Shares represent Shares held by Highlander Group Limited in which Mr. OU Xueming beneficially owns the entire issued share capital.
5. The relevant interests are unlisted physically settled options granted pursuant to the Share Option Scheme. Upon exercise of the share options in accordance with the Share Option Scheme, ordinary shares with a par value of HKD0.10 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section headed "Share Option Scheme" of this report.
6. These Shares represent Shares held by Ms. YANG Congrong who is the spouse of Mr. XIE Shutai.
7. These Shares represent Shares held by Ms. MA Minhua who is the spouse of Mr. LIANG Guokun.
8. These Shares represent Shares held by Ms. LIU Qing who is the spouse of Mr. SU Baiyuan.
9. These Shares represent Shares held by Ms. YANG Huiyan who is the spouse of Mr. CHEN Chong.

(b) Short positions in the shares, underlying shares and debentures of the Company

Name of Director	Capacity	Number of ordinary Shares held	Number of underlying Shares held	Total	Percentage to the issued share capital as at 31.12.2016	Amount of debentures held
Ms. YANG Huiyan	Trustee (other than a bare trustee)	3,200,000	–	3,200,000[1]	0.01%	–
Mr. CHEN Chong	Interest of spouse	3,200,000[2]	–	3,200,000	0.01%	–

Notes:

1. These Shares and/or underlying Shares represent Shares and/or underlying Shares held by Golden Value Investments Limited in which Ms. YANG Huiyan beneficially owns the entire issued share capital.
2. These Shares and/or underlying Shares represent Shares and/or underlying Shares held by Ms. YANG Huiyan who is the spouse of Mr. CHEN Chong.

REPORT OF THE DIRECTORS

Interests and Short Positions of Shareholders Disclosable Under the SFO

As at 31 December 2016, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors and chief executive of the Company, had long positions of 5% or more in the Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity	Number of ordinary Shares held	Percentage of the issued share capital as at 31.12.2016
Concrete Win Limited	Beneficial owner	9,303,378,010[1]	43.06%
Genesis Capital Global Limited	Beneficial owner	2,840,000,000[2]	13.14%
Ping An Life Insurance Company of China, Ltd.	Beneficial owner	2,236,200,000[3, 4]	10.02%[4]

Notes:

1. These Shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
2. These Shares are held by Genesis Capital Global Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
3. These Shares are held by Ping An Life Insurance Company of China, Ltd., which is a subsidiary of Ping An Insurance (Group) Company of China, Ltd., a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the main board of the Stock Exchange (Stock Code: 2318) and the A Shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601318). Disclosure of the number of ordinary Shares held is made as per the last Disclosure of Interests notice filed as at 31 December 2016 which was filed on 12 May 2016.
4. Disclosure of the percentage of the issued share capital held by Ping An Life Insurance Company of China, Ltd. is made as per the last Disclosure of Interests notice as at 31 December 2016 which was filed on 12 May 2016.

Save as disclosed above, the Company has not been notified by any other person (other than the Directors and chief executive of the Company) who had an interest or short positions of 5% or more in the Shares and underlying Shares for the year ended 31 December 2016 which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Purchase, Sale or Redemption of Shares

During the year ended 31 December 2016, the Company bought back a total of 1,086,053,000 Shares on the Stock Exchange. All the Shares bought back were subsequently cancelled by the Company. Details of those transactions are as follows:

Month of buy-back	Number of Shares bought back	Price Per Share Highest	Price Per Share Lowest	Aggregate price
		HKD	*HKD*	*HKD*
January	150,947,000	3.02	2.85	446,644,312.40
February	40,000,000	3.00	2.91	118,564,000.00
March	7,540,000	3.03	3.00	22,751,000.00
April	6,384,000	3.00	3.00	19,152,000.00
May	57,757,000	3.10	2.98	173,987,184.00
June	57,952,000	3.10	3.03	177,463,890.00
July	56,585,000	3.28	3.19	183,924,384.00
August	–	–	–	–
September	126,258,000	4.30	4.04	525,126,712.00
October	274,459,000	4.22	3.80	1,105,959,909.00
November	203,395,000	4.34	4.09	847,826,423.00
December	104,776,000	4.48	4.21	452,855,702.00

As disclosed in the announcement of the Company dated 8 January 2016, the Board was of the view that the Shares were significantly undervalued. After assessment, the Company believed that its financial resources would enable it to conduct the buy-back which maintaining a stable financial position for continuing the Company's normal operation during the financial year ended 31 December 2016.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

Pre-Emptive Rights

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

Corporate Governance

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

REPORT OF THE DIRECTORS

Sufficiency of Public Float

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total number of issued shares must at all times be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total amount of securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares.

However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares for issuers having an expected market capitalization at the time of listing of not less than HKD50 million.

The Group has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange exercised its discretion under rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% (assuming the over-allotment option is not exercised) or such higher percentage of 16.87%, which represents the issued share capital as would have been held by the public in the event that the whole or a part of the over-allotment option had been exercised (the over-allotment option was exercised by the Company, which had an expected market capitalization at the time of listing of over HKD10,000 million), on the basis that the Stock Exchange was satisfied that the number of Shares concerned and the extent of their distribution will enable the market to operate properly with the lower percentage, and on the condition that the Company would make appropriate disclosure of the lower prescribed percentage of public float in the prospectus of the Company issued on 3 April 2007 and confirm the sufficiency of public float in its successive annual reports after listing. At the time of listing of the Company on 20 April 2007, the market capitalization of the Company exceeded HKD10,000 million.

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules.

Auditor

The consolidated financial statements for the year ended 31 December 2016 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year is to be proposed at the 2017 AGM.

Professional Tax Advice Recommended

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

Closure of Register of Members

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2017 AGM, and the Eligible Shareholders' entitlement to the proposed final dividend, the register of members of the Company **("Register of Members")** will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2017 AGM:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Thursday, 11 May 2017
Record Date	Thursday, 11 May 2017
Closure of the Register of Members	Friday, 12 May 2017 to Thursday, 18 May 2017 (both days inclusive)

(ii) Subject to the passing of the final dividend proposal agenda at the 2017 AGM, for determining the Eligible Shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Wednesday, 24 May 2017
Closure of the Register of Members	Thursday, 25 May 2017 to Friday, 26 May 2017 (both days inclusive)
Record Date	Friday, 26 May 2017

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

For and on behalf of the Board
YEUNG Kwok Keung
Chairman

Hong Kong, 22 March 2017

FINANCIAL STATEMENTS

— *Zhengzhou Country Garden, Zhengzhou*

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

To the Shareholders of Country Garden Holdings Company Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Country Garden Holdings Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 124 to 258, which comprise:

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

Our opinion

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

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Assessment of net realisable value of properties under development and completed properties held for sale
- Impairment assessment of hotel non-financial assets

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of net realisable value of properties under development and completed properties held for sale Refer to note 5 'Critical accounting estimates and judgements', note 11 'Properties under development' and note 14 'Completed properties held for sale' to the consolidated financial statements. The total of properties under development ("PUD") and completed properties held for sale ("PHS") amounted to approximately RMB299,610,880,000 as at 31 December 2016, accounting for approximately 51% of the Group's total assets. The carrying amounts of PUD and PHS are stated at the lower of cost and net realisable value ("NRV"). Determination of NRV of PUD and PHS involved critical accounting estimates on the selling price, variable selling expenses and, for PUD, the costs to completion. Given the significant balance of PUD and PHS and the involvement of critical accounting estimates, the assessment of NRV of these properties is considered a key audit matter.	We obtained management's NRV assessment on PUD and PHS and performed audit procedures as follows: (i) We compared the relevant PUD and PHS balances against the result of management's NRV assessment made in the prior year to consider, with hindsight, whether management's NRV assessment and process had been subject to management bias. (ii) We challenged management's key estimates for: • Selling price which is estimated based on the prevailing market conditions. We compared the estimated selling price to the recent market transactions, making reference to the Group's selling price of the same project's pre-sale units or the prevailing market price of comparable properties with similar size, usage and location. • Variable selling expenses are estimated based on certain percentage of selling price. We compared the above estimated percentage with the actual average selling expenses to revenue ratio of the Group in recent years. • Estimated costs to completion for PUD. We reconciled the estimated costs to completion to budgets approved by management and examined, on a sample basis, the construction contracts or compared anticipated completion costs to the actual costs of similar type of completed properties of the Group. We found that the key estimates used in the assessment of NRV of PUD and PHS were supportable by available evidence.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of hotel non-financial assets Refer to note 5 'Critical accounting estimates and judgements' to the consolidated financial statements. The Group's hotel non-financial assets including property, plant and equipment and land use rights amounted to approximately RMB12,858,675,000 as at 31 December 2016, accounting for approximately 2% of the Group's total assets. Certain hotels were still or expected to be loss-making or did not perform as expected after the start-up period which may present impairment indicators for the non-financial assets of those hotels. Management has assessed the recoverable amounts of the non-financial assets of the hotels with impairment indicators. The recoverable amounts are dependent on the value-in-use calculations which are based on future discounted cash flows involving significant estimates and judgements on the key assumptions including occupancy rates, room rates, revenue growth rate after the start-up period, and discount rate. Based on the assessment performed, management concluded that there was no material impairment required for the hotel non-financial assets as at 31 December 2016. We considered the impairment assessment of hotel non-financial assets as a key audit matter because significant estimates and judgements are required on the key assumptions made in the impairment assessment.	We obtained management's impairment assessment on the non-financial assets of the hotels with impairment indicator and performed audit procedures as follows: (i) We compared the carrying amounts of the relevant hotel non-financial assets against the result of management's impairment assessment made in the prior year to consider, with hindsight, whether management's impairment assessment and process had been subject to management bias. (ii) We challenged management's key assumptions used in the value-in-use forecasts including: • Occupancy rates and room rates — We performed research on the statistics of occupancy rates and average room rates from third-party industry analysis database and compared the forecasted rates to the rates of similar star-ranking hotels in the nearby location and for the same period. • Revenue growth rate after the start-up period - We performed research on the weighted-average revenue growth rate of hotels in the PRC in recent years from the national statistics bureau and compared the forecasted revenue growth rate to the market data. We challenged the adequacy of the sensitivity analysis performed by management on revenue growth rate to assess possible outcome on impairment. • Discount rate — we developed an independent expectation on the range of discount rates using market data. We found the key assumptions used in the value-in-use calculations for the purposes of impairment assessment of the hotel non-financial assets were supportable by available evidence.

Other Information

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

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Siu Cheong.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2016	2015
	Note	**RMB'000**	RMB'000
Non-current assets			
Property, plant and equipment	7	**20,877,029**	20,019,841
Investment properties	8	**9,773,430**	8,686,295
Intangible assets	9	**239,367**	121,539
Land use rights	10	**2,536,458**	2,052,170
Properties under development	11	**52,342,374**	52,727,068
Investments in joint ventures	12(b)	**7,311,153**	803,934
Investments in associates	12(c)	**3,873,349**	884,492
Financial assets at fair value through other comprehensive income	13	**870,734**	–
Available-for-sale financial assets	4(c)	**–**	214,998
Derivative financial instruments	22	**1,034,387**	–
Trade and other receivables	16	**55,500**	642,950
Deferred income tax assets	30	**7,822,313**	3,786,942
		106,736,094	89,940,229
Current assets			
Properties under development	11	**216,383,252**	135,107,046
Completed properties held for sale	14	**30,885,254**	34,114,127
Inventories	15	**2,203,727**	1,978,437
Trade and other receivables	16	**117,321,747**	42,242,116
Prepaid taxes		**14,042,259**	9,490,355
Restricted cash	17	**11,843,988**	11,637,126
Cash and cash equivalents	18	**84,646,899**	36,240,752
Financial assets at fair value through profit or loss	19	**7,321,236**	1,188,096
Derivative financial instruments	22	**187,145**	18,043
		484,835,507	272,016,098
Current liabilities			
Advanced proceeds received from customers		**192,408,932**	96,516,079
Trade and other payables	20	**151,789,260**	73,385,200
Receipts under securitisation arrangements	21	**7,043,440**	–
Current income tax liabilities		**15,310,412**	8,905,412
Corporate bonds	24	**8,207,477**	–
Bank and other borrowings	25	**30,512,725**	22,778,038
Derivative financial instruments	22	**41,762**	10,198
		405,314,008	201,594,927
Net current assets		**79,521,499**	70,421,171
Total assets less current liabilities		**186,257,593**	160,361,400

	Note	2016 RMB'000	2015 RMB'000
		As at 31 December	
Non-current liabilities			
Senior notes	23	**29,264,448**	20,878,179
Corporate bonds	24	**29,502,147**	15,258,499
Bank and other borrowings	25	**38,710,079**	30,829,079
Deferred government grants		**237,445**	239,520
Deferred income tax liabilities	30	**6,928,304**	3,815,717
		104,642,423	71,020,994
Equity attributable to owners of the Company			
Share capital and premium	26	**25,677,217**	29,212,611
Other reserves	28	**4,484,042**	3,942,139
Retained earnings	28	**39,967,106**	32,135,960
		70,128,365	65,290,710
Non-controlling interests			
Perpetual capital securities	29	**–**	19,528,000
Other non-controlling interests		**11,486,805**	4,521,696
		11,486,805	24,049,696
Total equity		**81,615,170**	89,340,406
Total equity and non-current liabilities		**186,257,593**	160,361,400

The notes on pages 133 to 258 are an integral part of these consolidated financial statements.

The financial statements on pages 124 to 258 were approved by the Board of Directors on 22 March 2017 and were signed on its behalf.

MO Bin
Director

YANG Ziying
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2016	2015
	Note	**RMB'000**	RMB'000
Revenue	6	**153,086,977**	113,222,640
Cost of sales	32	**(120,850,891)**	(90,359,341)
Gross profit		**32,236,086**	22,863,299
Other income and gains — net	31	**1,530,465**	423,985
Gains arising from changes in fair value of and transfer to investment properties	8	**711,604**	809,812
Selling and marketing costs	32	**(7,383,618)**	(4,688,695)
Administrative expenses	32	**(4,970,364)**	(3,230,024)
Operating profit		**22,124,173**	16,178,377
Finance income	34	**532,870**	221,079
Finance costs	34	**(1,628,175)**	(1,510,589)
Finance costs — net	34	**(1,095,305)**	(1,289,510)
Share of results of joint ventures and associates	12(b), 12(c)	**361,704**	(55,758)
Profit before income tax		**21,390,572**	14,833,109
Income tax expenses	35	**(7,727,349)**	(5,121,428)
Profit for the year		**13,663,223**	9,711,681
Profit attributable to:			
— Owners of the Company		**11,516,815**	9,276,485
— Non-controlling interests			
Perpetual capital securities		**1,409,534**	356,104
Other non-controlling interests		**736,874**	79,092
		2,146,408	435,196
		13,663,223	9,711,681

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
— Change in fair value of financial assets at fair value through other comprehensive income, net of tax	28	**45,921**	–
Items that may be reclassified to profit or loss:			
— Change in fair value of available-for-sale financial assets, net of tax	28	**–**	4,748
— Deferred gains on cash flow hedges, net of tax	22	**89,982**	–
— Deferred costs of hedging, net of tax	22	**(295,901)**	–
— Currency translation differences		**299,455**	(899,069)
Total other comprehensive income/(loss) for the year, net of tax		**139,457**	(894,321)
Total comprehensive income for the year		**13,802,680**	8,817,360
Total comprehensive income attributable to:			
— Owners of the Company		**11,585,197**	8,453,384
— Non-controlling interests			
Perpetual capital securities		**1,409,534**	356,104
Other non-controlling interests		**807,949**	7,872
		2,217,483	363,976
		13,802,680	8,817,360
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic	38	**52.17**	42.54
Diluted	38	**52.13**	42.53

The notes on pages 133 to 258 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests			
	Share capital and premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual capital securities RMB'000	Others RMB'000	Total RMB'000	Total Equity RMB'000
Balance at 31 December 2015	29,212,611	3,942,139	32,135,960	65,290,710	19,528,000	4,521,696	24,049,696	89,340,406
Adjustment on adoption of HKFRS 9, net of tax (note 3(i))	–	–	(327,932)	(327,932)	–	–	–	(327,932)
Restated total equity at 1 January 2016	29,212,611	3,942,139	31,808,028	64,962,778	19,528,000	4,521,696	24,049,696	89,012,474
Comprehensive income								
Profit for the year	–	–	11,516,815	11,516,815	1,409,534	736,874	2,146,408	13,663,223
Other comprehensive income								
– Change in fair value of financial assets at fair value through other comprehensive income, net of tax	–	45,921	–	45,921	–	–	–	45,921
– Deferred gains on cash flow hedges, net of tax (note 22(d))	–	89,982	–	89,982	–	–	–	89,982
– Deferred costs of hedging, net of tax (note 22(d))	–	(295,901)	–	(295,901)	–	–	–	(295,901)
– Currency translation differences	–	228,380	–	228,380	–	71,075	71,075	299,455
Total comprehensive income for the year	–	68,382	11,516,815	11,585,197	1,409,534	807,949	2,217,483	13,802,680

	Attributable to owners of the Company				Non-controlling interests			
	Share capital and premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual capital securities RMB'000	Others RMB'000	Total RMB'000	Total Equity RMB'000
Transactions with owners in their capacity as owners:								
Capital injections	–	86,400	–	86,400	–	3,298,877	3,298,877	3,385,277
Redemption of perpetual capital securities	–	–	–	–	(19,528,000)	–	(19,528,000)	(19,528,000)
Transfer to statutory reserves	–	352,697	(352,697)	–	–	–	–	–
Dividends and distributions	–	–	(3,005,040)	(3,005,040)	(1,409,534)	(162,931)	(1,572,465)	(4,577,505)
Buy-back of shares (note 26)	(3,535,394)	–	–	(3,535,394)	–	–	–	(3,535,394)
Employee share schemes:								
— value of employee services (note 27 and 33)	–	82,834	–	82,834	–	–	–	82,834
Non-controlling interests arising from business combination (note 43)	–	–	–	–	–	2,888,606	2,888,606	2,888,606
Disposal of subsidiaries (note 42)	–	–	–	–	–	(11,653)	(11,653)	(11,653)
Changes in ownership interests in subsidiaries without change of control (note 41)	–	(48,410)	–	(48,410)	–	144,261	144,261	95,851
Total transactions with owners	(3,535,394)	473,521	(3,357,737)	(6,419,610)	(20,937,534)	6,157,160	(14,780,374)	(21,199,984)
Balance at 31 December 2016	25,677,217	4,484,042	39,967,106	70,128,365	–	11,486,805	11,486,805	81,615,170

The notes on pages 133 to 258 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests			
	Share capital and premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Perpetual capital securities RMB'000	Others RMB'000	Total RMB'000	Total Equity RMB'000
Balance at 1 January 2015	24,262,047	4,243,448	28,180,710	56,686,205	3,090,000	2,666,221	5,756,221	62,442,426
Comprehensive income								
Profit for the year	–	–	9,276,485	9,276,485	356,104	79,092	435,196	9,711,681
Other comprehensive income								
— Change in fair value of available-for-sale financial assets, net of tax	–	4,748	–	4,748	–	–	–	4,748
— Currency translation differences	–	(827,849)	–	(827,849)	–	(71,220)	(71,220)	(899,069)
Total comprehensive income for the year	–	(823,101)	9,276,485	8,453,384	356,104	7,872	363,976	8,817,360
Transactions with owners in their capacity as owners:								
Capital injections	–	–	–	–	16,838,000	1,155,383	17,993,383	17,993,383
Redemption of perpetual capital securities	–	–	–	–	(400,000)	–	(400,000)	(400,000)
Transfer to statutory reserves	–	547,660	(547,660)	–	–	–	–	–
Dividends and distributions	–	–	(4,773,575)	(4,773,575)	(356,104)	(50)	(356,154)	(5,129,729)
Issue of shares (note 26)	4,950,564	–	–	4,950,564	–	–	–	4,950,564
Employee share schemes:								
— value of employee services (note 27 and 33)	–	30,111	–	30,111	–	–	–	30,111
Non-controlling interests arising from business combination	–	–	–	–	–	740,569	740,569	740,569
Changes in ownership interests in subsidiaries without change of control	–	(55,979)	–	(55,979)	–	(48,299)	(48,299)	(104,278)
Total transactions with owners	4,950,564	521,792	(5,321,235)	151,121	16,081,896	1,847,603	17,929,499	18,080,620
Balance at 31 December 2015	29,212,611	3,942,139	32,135,960	65,290,710	19,528,000	4,521,696	24,049,696	89,340,406

The notes on pages 133 to 258 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	37	**57,303,143**	(6,488,588)
Income tax paid		**(9,919,363)**	(6,144,944)
Interest paid		**(6,121,022)**	(4,956,400)
Net cash generated from/(used in) operating activities		**41,262,758**	(17,589,932)
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired	43	**(3,122,462)**	(1,637,726)
Proceeds from disposal of subsidiaries, net of cash disposed of	42	**(595,296)**	34,837
Purchases of property, plant and equipment		**(1,907,034)**	(2,197,538)
Proceeds from disposal of investment properties	37	**–**	156,401
Payments for investment properties		**(107,035)**	(344,564)
Purchases of intangible assets		**(19,321)**	(12,467)
Purchases of land use rights		**(545,019)**	(74,797)
Investments in joint ventures		**(5,295,417)**	(712,771)
Investments in associates		**(1,659,452)**	(399,181)
Repayments from loans to related parties		**775,971**	–
Loans advanced to related and third parties		**(2,046,832)**	(775,971)
Dividend income from available-for-sale financial assets		**–**	9,560
Payments for settlement of derivative financial instruments		**34,419**	–
Proceeds from disposal of property, plant and equipment	37	**232,365**	255,447
Payments for financial assets at fair value through other comprehensive income	13	**(601,962)**	–
Payments for financial assets at fair value through profit or loss	19	**(6,133,140)**	(1,188,096)
Interest received	34	**532,870**	221,079
Net cash used in investing activities		**(20,457,345)**	(6,665,787)

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Cash flows from financing activities			
Capital injections from non-controlling interests		**3,385,277**	17,993,383
Issue of new shares	26	**–**	4,950,564
Buy-back of shares	26	**(3,535,394)**	–
Proceeds from disposal of interests in subsidiaries without loss of control	41	**12,000**	16,722
Payments for acquisition of additional interests in subsidiaries	41	**(244,671)**	(127,000)
Issue of corporate bonds	24	**21,901,130**	15,111,799
Redemption of perpetual capital securities	29	**(19,528,000)**	(400,000)
Redemption and repayment of senior notes		**–**	(8,325,469)
Issue of senior notes	23	**6,654,357**	5,483,516
Proceeds received under securitisation arrangements	21	**7,043,440**	–
Payments for senior notes covenant modification fees		**–**	(51,166)
Proceeds from bank and other borrowings		**36,535,512**	32,895,610
Repayments of bank and other borrowings		**(20,507,403)**	(20,779,394)
Dividends paid to owners of the Company	36	**(3,005,040)**	(4,773,575)
Distribution to holders of perpetual capital instruments		**(1,192,419)**	(325,372)
Dividends paid to other non-controlling interests		**(64,631)**	(50)
Net cash generated from financing activities		**27,454,158**	41,669,568
Net increase in cash and cash equivalents		**48,259,571**	17,413,849
Cash and cash equivalents at the beginning of the year		**36,240,752**	18,760,590
Exchange gains on cash and cash equivalents		**146,576**	66,313
Cash and cash equivalents at the end of the year	18	**84,646,899**	36,240,752

The notes on pages 133 to 258 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Country Garden Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively, the "Group") are principally engaged in the property development, construction, fitting and decoration, property investment, property management and hotel operation.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 22 March 2017.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties, which are carried at fair value.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures

(i) *The new or revised standards, amendments and interpretations to existing standards, which are mandatory for the financial year beginning on 1 January 2016, are either currently not relevant to the Group or had no material impact on the Group's consolidated financial statements.*

(ii) *New and revised standards and amendments to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted*

		Effective for the financial year beginning on or after
HKAS 12 (Amendments)	Income taxes	1 January 2017
HKAS 7 (Amendments)	Statement of cash flows	1 January 2017
HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The above new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except HKFRS 15 set out below:

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures (Continued)

(ii) New and revised standards and amendments to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted (Continued)

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition: HKFRIC 13 Customer Loyalty Programmes, HKFRIC 15 Agreements for the Construction of Real Estate, HKFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue — Barter Transactions Involving Advertising Services.

Management is currently assessing the effects of applying this new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- Revenue from pre-sales of properties under development may not be recognised at a point in time. Instead, some may be resulted in recognition of revenue over a period of time depending on the terms of the contract;

- The timing of revenue recognition for sale of completed properties held for sale which is currently based on whether significant risk and reward of ownership of properties transfer, may be different under the control transfer model; and

- The Group currently offers different payment plans to customers, which may have to adjust the transaction price for revenue recognition when significant financial component exists.

At this stage, management is not able to quantify the impact of this new standard on the Group's consolidated financial statements. Management is currently performing a more detailed assessment on the impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures *(Continued)*

(iii) New standard early adopted by the Group

HKFRS 9 Financial Instruments ("HKFRS 9") addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Group has elected to apply HKFRS 9 as issued in July 2014 from 1 January 2016, because the new accounting policies provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows. See note 3 for further details on the impact of the change in accounting policy.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

2 Summary of significant accounting policies *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(i) Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(iii) Disposal of subsidiaries

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

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

2 Summary of significant accounting policies *(Continued)*

2.3 Associates *(Continued)*

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of an associate' in profit or loss.

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

Gain or losses on dilution of equity interest in associates are recognised in profit or loss.

2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to 'share of results of a joint venture' in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.4 Joint arrangements *(Continued)*

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

2.6 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within 'finance income or costs', except when capitalised on the basis set out in note 2.26. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other income and gains — net'.

2 Summary of significant accounting policies *(Continued)*

2.6 Foreign currency translation *(Continued)*

(iii) Group companies

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

2.7 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20–40 years
Transportation equipment	5–10 years
Machinery	5–10 years
Furniture, fitting and equipment	5–8 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.7 Property, plant and equipment *(Continued)*

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'other income and gains-net' in the consolidated statement of comprehensive income.

2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets. Changes in fair values are recorded in profit or loss as part of a valuation gain or loss.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. For a transfer from completed properties held for sale or properties under development to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

The Group shall transfer a property from investment property to property under development when it commences related development with a view to sale. For a transfer from investment property that is carried at fair value to property under development, related property under development shall be recognised at fair value at the transfer date.

2 Summary of significant accounting policies *(Continued)*

2.9 Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Computer software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 to 10 years on a straight-line basis.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.10 Impairment of non-financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.11 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

2 Summary of significant accounting policies *(Continued)*

2.11 Financial assets *(Continued)*

(ii) Recognition and measurement *(Continued)*

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (OCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of comprehensive income and recognised in 'other income and gains-net'. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within 'other income and gains — net' in the period in which it arises. Interest income from these financial assets is included in the 'finance income'.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income. Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'other income and gains-net' in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.12 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4(a) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

2.13 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. Otherwise, the change of fair value is recognised immediately in profit or loss within 'other income and gains — net'.

The Group designates some of their derivatives as hedges of foreign exchange and interest rate risks associated with the cash flows of their foreign currency borrowings (cash flow hedges). The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within 'finance income/(costs) — net'.

2 Summary of significant accounting policies *(Continued)*

2.13 Derivative financial instruments and hedging activities *(Continued)*

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ("aligned time value") are recognised within other comprehensive income in the costs of hedging reserve within equity. The aligned time value at the date of designation of the option as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within other comprehensive income in the costs of hedging reserve within equity. The aligned forward element at the date of designation of the forward contract as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When a financial instrument that involves exchanges of cash flows that are denominated in different currencies is used in a hedge transaction, the foreign currency basis spread of the instrument is separated and excluded from the designated hedging instrument. The change in fair value of this excluded portion (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in a separate component of equity. For time-period related hedged items, the currency basis spread at the date of designation (to the extent that it relates to the hedged item) is amortised on a systematic and rational basis to profit or loss over the period.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.15 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

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

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

2.16 Completed properties held for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.17 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 Summary of significant accounting policies *(Continued)*

2.18 Construction contracts

A construction contract is defined by HKAS 11 as a contract specifically negotiated for the construction of an asset.

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

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

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

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

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "trade and other receivables".

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.19 Trade and other receivables

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.20 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.21 Share capital

Ordinary shares are classified as equity.

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

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of Company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect is included in equity attributable to the owners of Company.

2.22 Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or with contractual right to unconditionally delay the payment of any distribution are classified as part of equity.

2.23 Government grants

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

Government grants relating to construction of hotel properties are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets when they are completed and ready for use.

2.24 Trade payables

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

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies *(Continued)*

2.25 Borrowings

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

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

2.26 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differences between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and is limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2.27 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 debt 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.27 Senior notes *(Continued)*

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 debt 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.

2.28 Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred. Receipts under securitisation arrangements are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method.

Transaction costs are included in the carrying amount of the receipts under securitisation arrangements and amortised over the period of the arrangements using the effective interest method.

2.29 Current and deferred income tax

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

(i) Current income tax

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

(ii) Deferred income tax

Inside basis differences

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

2 Summary of significant accounting policies *(Continued)*

2.29 Current and deferred income tax *(Continued)*

(ii) ***Deferred income tax*** *(Continued)*

Inside basis differences (Continued)

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the joint venture's or associate's undistributed profits is not recognised.

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

(iii) ***Offsetting***

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

2.30 Employee benefits

(i) ***Pension obligations***

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group contributes on a monthly basis to various defined contribution benefit plans organised by the relevant governmental authorities. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.30 Employee benefits *(Continued)*

(ii) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.31 Share-based payments

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

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

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

2.32 Provisions and contingent liabilities

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

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

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

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.33 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(i) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position as advanced proceeds received from customers under current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.33 Revenue recognition *(Continued)*

(ii) Construction services

Revenue arising from construction services is recognised in the accounting period in which the services is rendered, by reference to completion of the specific transaction assessed on the basis of the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract (note 2.18).

(iii) Hotel operation

Revenue from hotel operation is recognised in the accounting period in which the services are rendered.

(iv) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

(v) Fitting and decoration services

Revenue from fitting and decoration services is recognised in the accounting period in which the services are rendered.

(vi) Property investment

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

2.34 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.35 Dividend income

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

2.36 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) The Group is the lessee

(a) The Group is the lessee under operating lease other than land use rights

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

2 Summary of significant accounting policies *(Continued)*

2.36 Leases *(Continued)*

(i) The Group is the lessee *(Continued)*

(b) The Group is the lessee under operating lease of land use rights

The Group made upfront payments to obtain operating leases of land use rights. The upfront payments of the land use rights are recorded as assets. The amortisation of land use rights is recognised as an expense on a straight-line basis over the unexpired period of the land use rights.

(ii) The Group is the lessor

Assets leased out under operating leases are included in investment properties. Rental income from operating lease is recognised over the term of the lease on a straight-line basis.

2.37 Dividend distribution

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

2.38 Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Change in accounting policy

As explained in note 2.1.1(iii) above, the Group has early adopted HKFRS 9 as issued in July 2014 from 1 January 2016, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings. Provisions for impairment have not been restated in the comparative period, as well.

The accounting policies were changed to comply with HKFRS 9. HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("HKAS39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 Financial Instruments — Disclosures.

(i) Classification and measurement of financial instruments

The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 January 2016 is as follows:

	Note	RMB'000
Opening retained earnings — HKAS 39		32,135,960
Increase in provision for loans to related and third parties, net of tax	3(iii)(a)	(69,838)
Increase in provision for trade and other receivables (excluding prepayments and loans to related and third parties), net of tax	3(iii)(b)	(258,094)
Adjustment to retained earnings from adoption of HKFRS 9		(327,932)
Opening retained earnings — HKFRS 9		31,808,028

3 Change in accounting policy *(Continued)*

(i) Classification and measurement of financial instruments *(Continued)*

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2016) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost. The main effects resulting from this reclassification are as follows:

At 1 January 2016	Available-for-sale financial assets ("AFS") RMB'000	Financial assets at fair value through other comprehensive income ("FATOCI") RMB'000
Opening balance — HKAS 39	**214,998**	**–**
Reclassify non-trading unlisted equity securities from AFS to FATOCI	**(214,998)**	**214,998**
Opening balance — HKFRS 9	**–**	**214,998**

The main effects resulting from this reclassification on the Group's equity is as follows:

At 1 January 2016	AFS reserve RMB'000	FATOCI reserve RMB'000
Opening balance — HKAS 39	**13,415**	**–**
Reclassify non-trading unlisted equity securities from AFS FATOCI	**(13,415)**	**13,415**
Opening balance — HKFRS 9	**–**	**13,415**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Change in accounting policy *(Continued)*

(i) Classification and measurement of financial instruments *(Continued)*

Equity interest in an unlisted investment fund company with a fair value of RMB214,998,000 was reclassified from AFS to FATOCI and the accumulated fair value gain of RMB13,415,000 were reclassified from the AFS reserve to the FATOCI reserve on 1 January 2016.

There is no impact on the Group's accounting for financial liabilities except for derivative financial instruments. For the accounting for derivative financial instruments, details are included in note 2.13. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

(ii) Derivatives and hedging activities

In prior years, the change in fair value of the entire forward contracts was recognised in profit or loss.

Upon adoption of HKFRS 9, the Group now recognises changes in the fair value of foreign exchange forward contracts, foreign exchange structured derivatives and cross currency swaps attributable to forward points in the costs of hedging reserve within equity. The deferred costs of hedging is amortised on a systematic and rational basis to profit or loss over the contract period.

(iii) Impairment of financial assets

The Group has two types of financial assets at amortised cost subject to HKFRS 9's new expected credit loss model:

- loans to related and third parties
- trade and other receivables (excluding prepayments and loans to related and third parties)

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets.

(a) Loans to related and third parties

For loans to related and third parties already in place at 1 January 2016, the Group has determined that reliably assessing the probability of default at the initial recognition of each loan to related and third parties would result in undue cost and effort. As permitted by HKFRS 9, the credit provision will be determined based on whether credit risk is low only at each reporting date, until the loan is derecognised. RMB69,838,000 was recognised in retained earnings as at 1 January 2016 for those loans whose credit risk has been assessed as other than low and for which the impairment methodology described in note 4(a)(iv) has been applied. Note 4(a)(iv) reconciles the loan loss allowance as at 1 January 2016 to that at the end of the reporting period.

3 Change in accounting policy *(Continued)*

(iii) Impairment of financial assets *(Continued)*

(b) Trade and other receivables (excluding prepayments and loans to related and third parties)

For trade and other receivables (excluding prepayments and loans to related and third parties), the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade and other receivables (excluding prepayments and loans to related and third parties). RMB258,094,000 was recognised in retained earnings as at 1 January 2016 for those trade and other receivables (excluding prepayments and loans to related and third parties) whose credit risk has been assessed as other than low and for which the impairment methodology described in note 4(a)(iv) has been applied. Note 4(a)(iv) reconciles the loss allowance as at 1 January 2016 to that at the end of the reporting period.

4 Financial risk management

The Group conducts its operations mainly in the PRC and accordingly is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and borrowings to fund its operations. All borrowings due for repayment in 2017 are anticipated to be repaid according to the terms of the loan agreements as the Group considers no renewal is necessary given its sufficient cash to finance its obligation. The Group has alternative plans (refer to note 4(a)(v)) to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(a) Financial risk factors

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB, The majority of non-RMB assets and liabilities are bank deposits and borrowings denominated in Hong Kong Dollar ("HKD"), United States Dollar ("USD") and Ringgit Malaysia ("RM"). The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB and net investment in foreign operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Foreign exchange risk (Continued)

The Group applies various types of derivative financial instruments (foreign currency forward contracts, foreign currency option contracts, cross currency swaps and foreign exchange structured derivatives) to mitigate exposures arising from the fluctuations in foreign currencies of debts.

The Group seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. The Group determines the economic relationship between the hedged items and the hedging instruments by reviewing their critical terms and performing a quantitative assessment as needed. As a result, the Group concludes that the risk being hedged for the hedged items and the risk inherent in the hedging instruments are sufficiently aligned. The main sources of hedge ineffectiveness are considered to be the effects of mismatch in timing and currency pair. In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items. In view of the nature of the hedging activities, no significant ineffectiveness is expected at inception.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective dates of statement of financial position are as follows:

	2016 RMB'000	2015 RMB'000
Assets		
HKD	**752,616**	17,684
USD	**2,726,002**	386,984
RM	**4,608,172**	587,672
Other currencies	**386,193**	164,518
	8,472,983	1,156,858
Liabilities		
HKD	**3,932,713**	3,710,616
USD	**37,456,159**	28,009,239
RM	**9,419,855**	3,787,249
Other currencies	**819,170**	368,488
	51,627,897	35,875,592

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(i) *Foreign exchange risk (Continued)*

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should RMB strengthened/weakened by 5% against the relevant currencies, the effect on the comprehensive income for the year would be as follows:

	Change of comprehensive income — increase/(decrease)	
	2016	2015
	RMB'000	RMB'000
RMB against HKD:		
Strengthened by 5%	**159,005**	184,647
Weakened by 5%	**(159,005)**	(184,647)
RMB against USD:		
Strengthened by 5%	**1,736,508**	1,381,113
Weakened by 5%	**(1,736,508)**	(1,381,113)
RMB against RM:		
Strengthened by 5%	**182,844**	119,984
Weakened by 5%	**(182,844)**	(119,984)

(ii) *Price risk*

The Group is exposed to equity securities price risk in connection with the Group's investment in a listed equity security (note 19). The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements. If the price of the equity security had been 5% higher/lower, post-tax profit for the year ended 31 December 2016 would be increased/decreased by approximately RMB45 million (2015: increased/decreased by approximately RMB45 million), as a result of more/less fair value gains on the investment.

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

The Group's interest rate risk arises from interest-bearing bank deposits, senior notes, corporate bonds, receipts under securitisation arrangements, bank and other borrowings. Bank deposits, bank and other borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Senior notes, receipts under securitisation arrangements and corporate bonds issued at fixed rates expose the Group to fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

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

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2016, borrowings of the Group which were bearing at floating rates amounted to approximately RMB56,250,162,000 (2015: RMB53,607,117,000). As at 31 December 2016, should the interest rate be increased/decreased by 50 basis points with all other factors remain unchanged and without taking into account interest capitalisation, the finance costs of the Group would be increased/decreased by approximately RMB281,251,000 (2015: RMB268,036,000).

(iv) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits with banks.

The carrying amounts of trade and other receivables, restricted cash, and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, bank deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers. For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) ***Credit risk*** *(Continued)*

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by no less than 20%, which is remote, the Group would not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk is largely mitigated.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 39. No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these counterparties.

For financial assets originated from 1 January 2016, the following credit risk modelling applies:

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) ***Credit risk*** *(Continued)*

i. Loans to related and third parties

The Group uses four categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings. The ratings for the related and third parties are B as compared with the market ratings of similar companies by certain rating agencies.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 60 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

As at 1 January 2016 and 31 December 2016, the internal credit rating of loans to related and third parties were performing. The Group required certain third parties to provide guarantees or pledge collaterals as security against the loans.

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Credit risk (Continued)

i. Loans to related and third parties (Continued)

Over the term of the loans, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of loan, and adjusts for forward looking macroeconomic data. As at 31 December 2016, the Group provided for credit losses against loans to related and third parties as follows:

Company internal credit rating	External credit rating	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RMB'000	Carrying amount (net of impairment provision) RMB'000	Basis for calculation of interest revenue
Performing	B	1~12%	12 months expected losses	2,046,832	2,024,659	Gross carrying amount

No significant change to estimation techniques or assumptions was made during the reporting period.

The loss allowance provision for loans to related and third parties as at 31 December 2016 reconciles to the opening loss allowance for that provision as follows:

	Performing RMB'000
Closing loss allowance as at 31 December 2015 (calculated under HKAS 39)	–
Amounts restated through opening retained earnings	93,117
Opening loss allowance as at 1 January 2016 (calculated under HKFRS 9)	93,117
Recoveries	(93,117)
Additional loss allowance	22,173
Closing loss allowance as at 31 December 2016 (calculated under HKFRS 9)	22,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Credit risk *(Continued)*

i. Loans to related and third parties (Continued)

As at 31 December 2016, the gross carrying amount of loans to related and third parties was RMB2,046,832,000 (2015: RMB775,971,000) and thus the maximum exposure to loss was RMB2,024,659,000 (2015: RMB775,971,000). The Group made no write-off of loans to related and third parties during the year (2015:nil).

ii. Trade and other receivables (excluding prepayments and loans to related and third parties)

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade and other receivables (excluding prepayments and loans to related and third parties).

As at 31 December 2016, the loss allowance provision was determined as follows; the expected credit losses below also incorporated forward looking information.

Trade receivables	Current	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.1%	2.0%	5.0%	
Gross carrying amount (RMB'000)	12,519,539	580,738	628,407	13,728,684
Loss allowance provision (RMB'000)	12,520	11,615	31,420	55,555

Other receivables (excluding prepayments and loans to related and third parties)	Current	More than 180 days past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
Expected loss rate	0.1%	1.0%	10.0%	15.0%	20.0%	
Gross carrying amount (RMB'000)	79,444,706	3,836,670	714,974	593,472	847,778	85,437,600
Loss allowance provision (RMB'000)	79,445	38,367	71,497	89,021	169,556	447,886

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Credit risk *(Continued)*

ii. Trade and other receivables (excluding prepayments and loans to related and third parties) (Continued)

As at 31 December 2016, the loss allowance provision for trade and other receivables (excluding prepayments and loans to related and third parties) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	**Other receivables (excluding prepayments and loans to related and third parties)** RMB'000	**Total** RMB'000
Closing loss allowance as at 31 December 2015 (calculated under HKAS 39)	–	–	–
Amounts restated through opening retained earnings	34,859	309,267	344,126
Opening loss allowance as at 1 January 2016 (calculated under HKFRS 9)	34,859	309,267	344,126
Provision for loss allowance recognised in profit or loss during the year	20,696	138,619	159,315
Closing loss allowance as at 31 December 2016 (calculated under HKFRS 9)	55,555	447,886	503,441

As at 31 December 2016, the gross carrying amount of trade and other receivables (excluding prepayments and loans to related and third parties) was RMB99,166,284,000 (2015: RMB33,100,157,000) and thus the maximum exposure to loss was RMB98,662,843,000 (2015: RMB33,100,157,000). The Group made no write-off of trade and other receivables excluding prepayments and loans to related and third parties during the year (2015: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2017. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2017 include: (1) proceeds from pre-sales in 2017 is expected to be higher than that of 2016; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) available project loan facility is expected to be no less than that of 2016 and (4) no breach of debt covenants is anticipated in 2017, as the management will closely monitor the compliance status of the covenants for senior notes and club loans included in bank and other borrowings.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting and further slowing down the construction progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures and accelerating sales with more flexible pricing. The Group, will base on its assessment of the relevant future costs and benefits, pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the date of statement of financial position to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2016					
Senior notes (principal amount plus interest)	**2,016,933**	**2,016,933**	**21,079,158**	**13,836,280**	**38,949,304**
Bank and other borrowings (principal amount plus interest)	**33,756,108**	**19,868,415**	**19,169,155**	**2,590,197**	**75,383,875**
Corporate bonds (principal amount plus interest)	**9,923,618**	**16,858,955**	**12,288,185**	**2,078,000**	**41,148,758**
Receipts under securitisation arrangements	**7,230,392**	**–**	**–**	**–**	**7,230,392**
Trade and other payables (excluding other taxes payable and salaries payable)	**137,894,311**	**–**	**–**	**–**	**137,894,311**
Derivative financial instruments	**41,762**	**–**	**–**	**–**	**41,762**
Total	**190,863,124**	**38,744,303**	**52,536,498**	**18,504,477**	**300,648,402**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2015					
Senior notes (principal amount plus interest)	1,559,682	1,559,682	14,894,492	10,830,107	28,843,963
Bank and other borrowings (principal amount plus interest)	25,682,643	14,687,381	18,677,147	509,148	59,556,319
Corporate bonds (principal amount plus interest)	714,346	888,426	16,063,487	–	17,666,259
Trade and other payables (excluding other taxes payable and salaries payable)	67,571,499	–	–	–	67,571,499
Derivative financial instruments	10,198	–	–	–	10,198
Total	95,538,368	17,135,489	49,635,126	11,339,255	173,648,238

(b) Capital management

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

In order to optimise the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Consistent with other companies in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity excluding perpetual capital securities. Net debt is calculated as total borrowings (including senior notes, corporate bonds, and bank and other borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents and the guarantee deposits for construction of pre-sale properties.

4 Financial risk management *(Continued)*

(b) Capital management *(Continued)*

The gearing ratio as at 31 December 2016 and 2015 were as follows:

	2016 RMB'000	2015 RMB'000
Total borrowings (notes 23, 24 and 25)	**136,196,876**	89,743,795
Less: cash and cash equivalents (note 18)	**(84,646,899)**	(36,240,752)
guarantee deposits for construction of pre-sale properties (note 17)	**(11,843,988)**	(11,637,126)
Net debt	**39,705,989**	41,865,917
Total equity (excluding perpetual capital securities)	**81,615,170**	69,812,406
Gearing ratio	**49%**	60%

The directors of the Company consider the Group's gearing ratio is within the healthy range.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2016				
Assets				
FATOCI	**–**	**–**	**870,734**	**870,734**
Derivative financial instruments	**–**	**1,221,532**	**–**	**1,221,532**
Financial assets at fair value through profit or loss	**1,188,096**	**6,133,140**	**–**	**7,321,236**
Total	**1,188,096**	**7,354,672**	**870,734**	**9,413,502**
Liabilities				
Derivative financial instruments	**–**	**41,762**	**–**	**41,762**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2015				
Assets				
AFS	–	–	214,998	214,998
Derivative financial instruments	–	18,043	–	18,043
Financial assets at fair value through profit or loss	–	–	1,188,096	1,188,096
Total	–	18,043	1,403,094	1,421,137
Liabilities				
Derivative financial instruments	–	10,198	–	10,198

4 Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

(i) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to derive level 2 fair values

Level 2 derivative financial instruments comprise foreign exchange forward contracts, foreign currency option contracts, foreign exchange structured derivatives and cross currency swaps. The fair value of these derivative financial instruments was determined using forward exchange rates and interest rates that are quoted in active market.

(ii) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2016 and 31 December 2015:

	2016	2015
	RMB'000	RMB'000
Opening balance	**1,403,094**	208,667
Additions	**601,962**	1,188,096
Fair value changes	**31,412**	6,331
Exchange differences	**22,362**	–
Transfer to Level 1(*)	**(1,188,096)**	–
Closing balance	**870,734**	1,403,094
Dividend income recognised in 'other income and gains — net'	**7,380**	9,560

* In 2016, the Group transferred its equity interest in Shenzhen Tiantu Investment Management Co. Ltd. ("Tiantu") from level 3 to level 1 as the shares of Tiantu actively traded on the National Equities Exchange and Quotations during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Financial risk management *(Continued)*

(d) Financial instruments by category

	2016			
	Assets at fair value through comprehensive income RMB'000	**Assets at fair value through profit or loss RMB'000**	**Assets at amortised cost RMB'000**	**Total RMB'000**
Assets as per consolidated statement of financial position				
FATOCI	**870,734**	**–**	**–**	**870,734**
Trade and other receivables excluding prepayments	**–**	**–**	**100,687,502**	**100,687,502**
Restricted cash	**–**	**–**	**11,843,988**	**11,843,988**
Cash and cash equivalents	**–**	**–**	**84,646,899**	**84,646,899**
Derivative financial instruments	**–**	**1,221,532**	**–**	**1,221,532**
Financial assets at fair value through profit or loss	**–**	**7,321,236**	**–**	**7,321,236**
Total	**870,734**	**8,542,768**	**197,178,389**	**206,591,891**

	2015			
	Available -for-sale RMB'000	Assets at fair value through profit or loss RMB'000	Assets at amortised cost RMB'000	Total RMB'000
Assets as per consolidated statement of financial position				
Available-for-sale financial assets	214,998	–	–	214,998
Trade and other receivables excluding prepayments	–	–	33,876,128	33,876,128
Restricted cash	–	–	11,637,126	11,637,126
Cash and cash equivalents	–	–	36,240,752	36,240,752
Derivative financial	–	–		
instruments	–	18,043	–	18,043
Financial assets at fair value through profit or loss	–	1,188,096	–	1,188,096
Total	214,998	1,206,139	81,754,006	83,175,143

4 Financial risk management *(Continued)*

(d) Financial instruments by category *(Continued)*

	2016		
	Liabilities at amortised cost RMB'000	**Liabilities at fair value through profit or loss RMB'000**	**Total RMB'000**
Liabilities as per consolidated statement of financial position			
Senior notes	**29,264,448**	**–**	**29,264,448**
Bank and other borrowings	**69,222,804**	**–**	**69,222,804**
Corporate bonds	**37,709,624**	**–**	**37,709,624**
Trade and other payables (excluding other taxes payable and salaries payable)	**137,894,311**	**–**	**137,894,311**
Receipts under securitisation arrangements	**7,043,440**	**–**	**7,043,440**
Derivative financial instruments	**–**	**41,762**	**41,762**
Total	**281,134,627**	**41,762**	**281,176,389**

	2015		
	Liabilities at amortised cost RMB'000	Liabilities at fair value through profit or loss RMB'000	Total RMB'000
Liabilities as per consolidated statement of financial position			
Senior notes	20,878,179	–	20,878,179
Bank and other borrowings	53,607,117	–	53,607,117
Corporate bonds	15,258,499	–	15,258,499
Trade and other payables (excluding other taxes payable and salaries payable)	67,571,499	–	67,571,499
Derivative financial instruments	–	10,198	10,198
Total	157,315,294	10,198	157,325,492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Critical accounting estimates and judgements

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

(a) Estimates for net realisable value of properties under development and completed properties held for sale

The total of properties under development and completed properties held for sale amounted to approximately RMB299,610,880,000 as at 31 December 2016 (2015: RMB221,948,241,000), accounting for approximately 51% (2015: 61%) of the Group's total assets. The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for completed properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there was no material impairment for properties under development and completed properties held for sale as at 31 December 2016 and 2015.

(b) Estimates for impairment of hotel non-financial assets

The Group's hotel non-financial assets including property, plant and equipment and land use rights amounted to approximately RMB12,858,675,000 as at 31 December 2016 (2015: RMB12,142,589,000), accounting for approximately 2% (2015: 3%) of the Group's total assets. Hotels are categorised by their different development stages. Hotels in start-up period employed prior year's budget and operating performances of consecutive two years for asset impairment assessment. Certain hotels of the Group were still or expected to be loss-making or did not perform as expected after the start-up period which presented impairment indicators for the non-financial assets of those hotels. Management performs review for impairment of the hotel non-financial assets whenever events or changes in circumstances indicate that the carrying amounts of the hotel non-financial assets may not be recoverable. In such case, the recoverable amounts of hotel non-financial assets have been determined based on value-in-use method. The value-in-use calculations require the use of significant estimates and assumptions on the projections of cash flows from the continuous use of the hotel non-financial assets. The key assumptions used in determining the value-in-use of hotel non-financial assets mainly include:

- Discount rate of 12% per annum;
- Revenue growth rate of 4% per annum after start-up period;
- Occupancy rates of 60% to 65% after start-up period; and
- Room rates after start-up period.

Based on management's best estimates, there was no material impairment for hotel non-financial assets at 31 December 2016 and 2015.

5 Critical accounting estimates and judgements *(Continued)*

(c) Estimates for fair value of investment properties

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer. Significant judgement and assumptions are required in assessing the fair value of the investment properties. Details of the judgement and assumptions are disclosed in note 8.

(d) Revenue recognition

The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in note 39, the Group provides guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will normally be discharged upon issuance of the real estate ownership certificate. In order to obtain mortgages, the purchasers would have settled no less than 20% of the total contract amount in accordance with related PRC regulations upon signing the sales contract. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, defaults of mortgage facilities by the purchasers which resulted in the bank guarantees being called upon were rare. Further, as disclosed in note 4(a)(iv), the credit risk of the Group under the circumstance that a purchaser defaults on the payment of its mortgage during the term of the guarantee is very low. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers upon the delivery of the properties to them.

(e) Income taxes and deferred taxation

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Segment information

The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports.

The executive directors assess the performance of the Group organised into five business segments as follows:

- Property development;
- Construction, fitting and decoration;
- Property investment;
- Property management; and
- Hotel operation.

The executive directors assess the performance of the operating segments based on a measure of operating profit adjusted by excluding fair value changes on derivative financial instruments and including share of results of joint ventures and associates.

Segment assets consist primarily of property, plant and equipment, intangible assets, land use rights, investment properties, properties under development, completed properties held for sale, inventories, receivables and operating cash. They exclude deferred income tax assets, available-for-sale financial assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss and derivative financial instruments. Segment liabilities consist primarily of operating liabilities. They exclude senior notes, corporate bonds, receipts under securitisation arrangements, bank and other borrowings, current and deferred income tax liabilities and derivative financial instruments.

Capital expenditure comprises additions to property, plant and equipment (note 7), investment properties (note 8), intangible assets (note 9) and land use rights (note 10).

6 Segment information *(Continued)*

Revenue consists of the following:

	2016 **RMB'000**	2015 RMB'000
Sales of properties	**148,180,135**	109,460,370
Rendering of construction, fitting and decoration services	**1,143,012**	746,355
Rental income	**97,136**	91,747
Rendering of property management services	**1,959,060**	1,469,307
Rendering of hotel services	**1,707,634**	1,454,861
	153,086,977	113,222,640

Sales between segments are carried out according to the terms and condition agreed by the respective segments' management.

The Group's revenue is mainly attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Segment information *(Continued)*

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2016 is as follows:

	Property development RMB'000	Construction, fitting and decoration RMB'000	Property investment RMB'000	Property management RMB'000	Hotel operation RMB'000	Total Group RMB'000
Segment revenue	**148,180,135**	**20,068,771**	**97,136**	**2,358,449**	**1,794,463**	**172,498,954**
Inter-segment revenue	**–**	**(18,925,759)**	**–**	**(399,389)**	**(86,829)**	**(19,411,977)**
Revenue (from external customers)	**148,180,135**	**1,143,012**	**97,136**	**1,959,060**	**1,707,634**	**153,086,977**
Depreciation and amortisation	**462,893**	**24,426**	**–**	**14,199**	**499,236**	**1,000,754**
Segment results	**21,086,754**	**207,356**	**717,628**	**405,531**	**(81,219)**	**22,336,050**
At 31 December 2016						
Total segment assets after elimination of inter-segment balances	**538,238,604**	**10,581,790**	**9,784,491**	**2,236,630**	**13,494,271**	**574,335,786**
Capital expenditure	**1,389,217**	**18,823**	**107,035**	**23,089**	**1,033,103**	**2,571,267**
Total segment liabilities after elimination of inter-segment balances	**335,241,443**	**6,838,329**	**12,768**	**1,378,201**	**964,896**	**344,435,637**

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2015 is as follows:

	Property development RMB'000	Construction, fitting and decoration RMB'000	Property investment RMB'000	Property management RMB'000	Hotel operation RMB'000	Total Group RMB'000
Segment revenue	109,460,370	13,634,456	91,747	1,940,853	1,508,247	126,635,673
Inter-segment revenue	–	(12,888,101)	–	(471,546)	(53,386)	(13,413,033)
Revenue (from external customers)	109,460,370	746,355	91,747	1,469,307	1,454,861	113,222,640
Depreciation and amortisation	421,128	35,444	–	13,482	359,718	829,772
Segment results	14,975,696	170,418	903,529	253,864	(188,733)	16,114,774
At 31 December 2015						
Total segment assets after elimination of inter-segment balances	326,818,471	7,268,206	8,686,295	975,304	12,999,972	356,748,248
Capital expenditure	1,507,855	15,746	344,564	4,287	917,683	2,790,135
Total segment liabilities after elimination of inter-segment balances	160,280,150	8,180,750	8,011	737,945	933,943	170,140,799

6 Segment information *(Continued)*

As at 31 December 2016, segment assets of the property development segment included the amounts of investments in joint ventures and associates accounted for using the equity method totalling approximately RMB11,184,502,000 (2015: RMB1,688,426,000).

Reportable segment results are reconciled to net profit as follows:

	2016	2015
	RMB'000	RMB'000
Total segment results	**22,336,050**	16,114,774
Changes in fair value of derivative financial instruments	**149,827**	7,845
Finance costs — net	**(1,095,305)**	(1,289,510)
Profit before income tax	**21,390,572**	14,833,109
Income tax expenses	**(7,727,349)**	(5,121,428)
Profit for the year	**13,663,223**	9,711,681

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Segment information *(Continued)*

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

	2016 RMB'000	2015 RMB'000
Total segment assets after elimination of inter-segment balances	**574,335,786**	356,748,248
Deferred income tax assets	**7,822,313**	3,786,942
Financial assets at fair value through profit or loss	**7,321,236**	1,188,096
Available-for-sale financial assets	**–**	214,998
Financial assets at fair value through other comprehensive income	**870,734**	–
Derivative financial instruments	**1,221,532**	18,043
Total assets	**591,571,601**	361,956,327
Total segment liabilities after elimination of inter-segment balances	**344,435,637**	170,140,799
Deferred income tax liabilities	**6,928,304**	3,815,717
Current income tax liabilities	**15,310,412**	8,905,412
Senior notes	**29,264,448**	20,878,179
Bank and other borrowings	**69,222,804**	53,607,117
Corporate bonds	**37,709,624**	15,258,499
Receipts under securitisation arrangements	**7,043,440**	–
Derivative financial instruments	**41,762**	10,198
Total liabilities	**509,956,431**	272,615,921

7 Property, plant and equipment

	Buildings RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Furniture, fitting and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2015						
Cost	12,193,612	577,305	1,398,052	1,433,227	5,860,344	21,462,540
Accumulated depreciation	(1,302,732)	(240,855)	(591,821)	(684,614)	–	(2,820,022)
Net book amount	10,890,880	336,450	806,231	748,613	5,860,344	18,642,518
Year ended 31 December 2015						
Opening net book amount	10,890,880	336,450	806,231	748,613	5,860,344	18,642,518
Acquisition of subsidiaries	–	–	748	48,440	–	49,188
Other additions	753,494	39,315	88,130	156,594	1,320,774	2,358,307
Transfer	1,697,522	–	–	–	(1,697,522)	–
Disposals	(92,119)	(8,242)	(31,234)	(120,099)	(5,100)	(256,794)
Depreciation	(271,363)	(52,137)	(175,988)	(262,567)	–	(762,055)
Exchange differences	(6,789)	(980)	(1,785)	(1,769)	–	(11,323)
Closing net book amount	12,971,625	314,406	686,102	569,212	5,478,496	20,019,841
At 31 December 2015						
Cost	14,443,981	597,629	1,420,246	1,447,420	5,478,496	23,387,772
Accumulated depreciation	(1,472,356)	(283,223)	(734,144)	(878,208)	–	(3,367,931)
Net book amount	12,971,625	314,406	686,102	569,212	5,478,496	20,019,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Property, plant and equipment *(Continued)*

	Buildings RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Furniture, fitting and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2016						
Opening net book amount	12,971,625	314,406	686,102	569,212	5,478,496	20,019,841
Acquisition of subsidiaries (note 43)	–	–	–	77,028	–	77,028
Other additions	857,765	60,768	194,765	120,332	666,262	1,899,892
Transfer	426,126	–	–	–	(426,126)	–
Disposal of subsidiaries	–	–	–	(406)	–	(406)
Other disposals	(73,036)	(12,692)	(71,558)	(41,552)	(14,805)	(213,643)
Depreciation	(399,012)	(72,186)	(177,337)	(272,425)	–	(920,960)
Exchange differences	5,292	318	1,708	7,959	–	15,277
Closing net book amount	13,788,760	290,614	633,680	460,148	5,703,827	20,877,029
At 31 December 2016						
Cost	15,644,444	639,888	1,499,320	1,616,455	5,703,827	25,103,934
Accumulated depreciation	(1,855,684)	(349,274)	(865,640)	(1,156,307)	–	(4,226,905)
Net book amount	13,788,760	290,614	633,680	460,148	5,703,827	20,877,029

7 Property, plant and equipment *(Continued)*

Depreciation charge was capitalised or expensed in the following categories in the consolidated statement of financial position or the consolidated statement of comprehensive income:

	2016 RMB'000	2015 RMB'000
Properties under development	**223,498**	165,479
Cost of sales	**404,238**	416,290
Selling and marketing costs	**77,778**	42,267
Administrative expenses	**215,446**	138,019
	920,960	762,055

As at 31 December 2016, buildings with net book value of RMB2,719,569,000 (2015: RMB3,528,296,000) were pledged as collateral for the Group's borrowings.

As at 31 December 2016, title certificates of buildings with net book value of RMB4,936,919,000 (2015: RMB5,120,147,000) were still in the process of being obtained.

As at 31 December 2016, included in buildings and construction in progress were mainly the hotels located in the PRC, which were classified as property, plant and equipment, with net book value of RMB12,181,934,000 (2015: RMB11,116,518,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Investment properties

	2016 RMB'000	2015 RMB'000
Year ended 31 December		
Opening net book amount	**8,686,295**	7,035,579
Other additions	**107,035**	344,564
Transfer from properties under development and completed properties held for sale	**1,259,166**	639,585
Revaluation gains upon transfer from properties under development and completed properties held for sale	**801,623**	601,023
Fair value changes	**(90,019)**	208,789
Transfer to properties under development	**(990,670)**	–
Other disposals	**–**	(143,245)
Closing net book amount	**9,773,430**	8,686,295
Gains arising from changes in fair value of and transfer to investment properties represent:		
— revaluation gains upon transfer of properties under development and completed properties held for sale	**801,623**	601,023
— fair value changes	**(90,019)**	208,789
	711,604	809,812

Properties were re-measured at their respective fair values upon transfer. For the properties transferred from properties under development and completed properties held for sale to investment properties, the differences between the fair values and carrying amounts upon transfer, amounting to RMB801,623,000 (2015: RMB601,023,000), were recognised in profit or loss as gains arising from changes in fair value of and transfer to investment properties.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. At 31 December 2016 and 2015, the Group had only level 3 investment properties.

8 Investment properties *(Continued)*

Valuation processes of the Group

The Group's investment properties were valued at transfer dates, and at 31 December 2016 and 2015 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, or Vigers Appraisal and Consulting Limited, the independent and professionally qualified valuers who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates the highest and best use.

Discussions of valuation processes and results are held between management and the valuers on a semi-annual basis, in line with the Group's interim and annual reporting dates.

At each half year-end, management:

- Verifies all major inputs to the independent valuation report;

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

- Holds discussions with the independent valuers.

Valuation techniques

Valuations are based on:

(i) Direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size; and/or

(ii) Income capitalisation approach taking into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property; or

(iii) Residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred, anticipated developer's profits, as well as land acquisition costs, interest payment and profit on land.

There were no changes to the valuation techniques during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Investment properties *(Continued)*

Valuation techniques *(Continued)*

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

	Fair value as at 31 December 2016	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	8,277,011,000	Income capitalisation	The rate of return/ capitalisation rate	3%–5.5% per annum
			Monthly rental (RMB/ square meter/month)	10–155
		Direct comparison	Adjusted market price (RMB/square meter)	3,500–38,800
Investment properties under construction	1,496,419,000	Residual method	Budgeted construction costs to be incurred (RMB/square meter)	160–640
			Remaining percentage to completion	5%–15%
			Anticipated developer's profit margin	12%–15%
		Direct comparison	Adjusted market price (RMB/square meter)	3,500–38,800

8 Investment properties *(Continued)*

Valuation techniques *(Continued)*

Information about fair value measurements using significant unobservable inputs (level 3) *(Continued)*

	Fair value as at 31 December 2015	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	7,676,621,000	Income capitalisation	The rate of return/ capitalisation rate	4%–5.5% per annum
			Monthly rental (RMB/square meter/ month)	20–75
		Direct comparison	Adjusted market price (RMB/square meter)	1,800–37,000
Investment properties under construction	1,009,674,000	Residual method	Budgeted construction cost to be incurred (RMB/square meter)	240–1,900
			Remaining percentage to completion	10%–20%
			Anticipated developer's profit margin	12%–15%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Investment properties *(Continued)*

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of return/capitalisation rate, the lower fair value;
- The higher expected vacancy rate, the lower fair value;
- The higher monthly rental, the higher fair value;
- The higher market price, the higher fair value;
- The higher budgeted construction cost to be incurred, the lower fair value;
- The higher remaining percentage to completion, the lower fair value;
- The higher the anticipated developer's profit margin, the lower fair value.

Amounts recognised in profit or loss for investment properties

	2016	2015
	RMB'000	RMB'000
Rental income	**97,136**	91,747
Direct operating expenses	**(15,096)**	(11,186)
	82,040	80,561

As at 31 December 2016, investment properties with fair value of RMB344,557,000 (2015: RMB357,513,000) were pledged as collateral for the Group's borrowings.

9 Intangible assets

	Computer software RMB'000	Goodwill RMB'000	Total RMB'000
At 1 January 2015			
Cost	75,154	–	75,154
Accumulated amortisation	(45,907)	–	(45,907)
Net book amount	29,247	–	29,247
Year ended 31 December 2015			
Opening net book amount	29,247	–	29,247
Acquisition of subsidiaries	119	90,274	90,393
Other additions	12,467	–	12,467
Amortisation	(10,568)	–	(10,568)
Closing net book amount	31,265	90,274	121,539
At 31 December 2015			
Cost	87,740	90,274	178,014
Accumulated amortisation	(56,475)	–	(56,475)
Net book amount	31,265	90,274	121,539
Year ended 31 December 2016			
Opening net book amount	**31,265**	**90,274**	**121,539**
Acquisition of subsidiaries (note 43)	**–**	**127,127**	**127,127**
Other additions	**19,321**	**–**	**19,321**
Amortisation	**(19,063)**	**–**	**(19,063)**
Disposal of subsidiaries	**–**	**(9,557)**	**(9,557)**
Closing net book amount	**31,523**	**207,844**	**239,367**
At 31 December 2016			
Cost	**107,061**	**207,844**	**314,905**
Accumulated amortisation	**(75,538)**	**–**	**(75,538)**
Net book amount	**31,523**	**207,844**	**239,367**

Amortisation expense has been charged in administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Land use rights

	2016 RMB'000	2015 RMB'000
Opening net book amount	**2,052,170**	2,034,522
Additions	**545,019**	74,797
Amortisation	**(60,731)**	(57,149)
Closing net book amount	**2,536,458**	2,052,170

Amortisation expense has been charged in administrative expenses.

The land use rights located in the PRC are held on leases of between 10 to 50 years, and for self-use. The land use rights located in the Malaysia are freehold, and for self-use.

As at 31 December 2016, land use rights with net book value of RMB1,477,504,000 (2015: RMB1,169,463,000) were pledged as collateral for the Group's borrowings.

11 Properties under development

	2016 RMB'000	2015 RMB'000
Properties under development expected to be completed:		
— Within a normal operating cycle included under current assets	**216,383,252**	135,107,046
— Beyond a normal operating cycle included under non-current assets	**52,342,374**	52,727,068
	268,725,626	187,834,114
Amounts comprise:		
— Construction costs	**165,107,836**	110,526,146
— Land use rights	**95,484,336**	69,910,631
— Borrowing costs capitalised	**8,133,454**	7,397,337
	268,725,626	187,834,114

The normal operating cycle of the Group's property development generally ranges from one to two years.

At 31 December 2016, properties under development amounting to RMB160,526,815,000 (2015: RMB98,718,380,000) were expected to be completed for sale beyond one year.

11 Properties under development *(Continued)*

The capitalisation rate used to determine the amount of interest on general borrowings incurred eligible for capitalisation in 2016 was 6.31% per annum (2015: 7.78% per annum).

The properties under development of the Group are located as follows:

	2016 RMB'000	2015 RMB'000
PRC	**257,445,191**	181,522,936
Malaysia	**9,791,706**	5,835,080
Australia	**959,634**	476,098
Others	**529,095**	–
	268,725,626	187,834,114

As at 31 December 2016, land use rights included in properties under development with net book value of RMB19,953,767,000 (2015: RMB18,649,419,000) were pledged as collateral for the Group's borrowings.

12(a) Subsidiaries

The principal subsidiaries at 31 December 2016 are listed in note 47.

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries were significant to the Group and thus the individual financial information of these subsidiaries are not disclosed.

12(b) Investments in joint ventures

	2016 RMB'000	2015 RMB'000
At 1 January	**803,934**	21,374
Additions	**6,074,663**	805,891
Share of results	**432,556**	(23,331)
— Gains arising from negative goodwill	**731,300**	–
— Others	**(298,744)**	(23,331)
At 31 December	**7,311,153**	803,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12(b) Investments in joint ventures *(Continued)*

The balance comprises the following:

	2016 RMB'000	2015 RMB'000
Unlisted investments		
— Share of net assets	**7,210,393**	803,934
— Goodwill	**100,760**	–
	7,311,153	803,934

Additions during the year mainly included the acquisitions of shares in a number of property development companies and the investments in a number of newly established property development companies together with certain third parties. None of these acquisitions was significant to the Group. Summary of the acquisitions is as follows:

(i) Acquisitions with negative goodwill

Identifiable net assets

	RMB'000
Identifiable assets and liabilities assumed	
Assets	27,919,697
Liabilities	(17,113,553)
Identifiable net assets	10,806,144

Reconciliation to the Group's interests in the joint ventures

Fair values of the Group's share of identifiable net assets	5,895,063
Fair values of the consideration for the acquisitions	(5,163,763)
Negative goodwill	731,300

The negative goodwill was mainly resulted from the fact that the joint venture partners intended to cooperate with a leading property developer in the PRC to resolve liquidity issues or bring in industry expertise.

12(b) Investments in joint ventures *(Continued)*

(ii) Acquisitions with goodwill

Identifiable net assets

	RMB'000
Identifiable assets and liabilities assumed	
Assets	6,083,562
Liabilities	(5,271,455)
Identifiable net assets	812,107

Reconciliation to the Group's interests in the joint ventures

Fair values of the consideration for the acquisitions	434,757
Fair values of the Group's share of identifiable net assets	(333,997)
Goodwill	100,760

The goodwill of RMB100,760,000 arose from the acquisitions of certain properties development companies, which is mainly attributable to economies of scale expected from the acquisitions.

As at 31 December 2016, certain borrowings of joint ventures were guaranteed by the Group (note 39) and/or secured by the Group's certain interests in joint ventures with an aggregate carrying value of RMB 65,893,000 (2015:nil). As at 31 December 2016, there were no significant commitments relating to the Group's interests in the joint ventures.

The directors of the Company consider that none of the joint ventures as at 31 December 2016 and 31 December 2015 was significant to the Group and thus the individual financial information of the joint ventures was not disclosed. The summarised financial information of individually immaterial joint ventures on an aggregate basis is as follows:

	2016 **RMB'000**	2015 RMB'000
Carrying amount in the consolidated financial statements	**7,311,153**	803,934
Share of profits/(losses) for the year	**432,556**	(23,331)
Share of total comprehensive income/(loss)	**432,556**	(23,331)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12(c) Investments in associates

	2016 RMB'000	2015 RMB'000
At 1 January	**884,492**	34,492
Additions	**3,059,709**	882,427
Share of losses	**(70,852)**	(32,427)
— Gains arising from negative goodwill	**76,776**	–
— Others	**(147,628)**	(32,427)
At 31 December	**3,873,349**	884,492

Additions during the year mainly included the acquisitions of shares in a number of property development companies and the investments in a number of newly established property development companies together with third parties. None of the acquisition was individually significant to the Group. Summary of the acquisitions are as follows:

Identifiable net assets

	RMB'000
Identifiable assets and liabilities assumed	
Assets	15,146,364
Liabilities	(11,562,549)
Identifiable net assets	3,583,815

Reconciliation to the Group's interests in associates

Fair values of the Group's share of identifiable net assets	1,670,442
Fair values of the consideration for the acquisition	(1,593,666)
Negative goodwill	76,776

The negative goodwill was mainly resulted from the fact that other shareholders intended to cooperate with a leading property developer in the PRC to resolve liquidity issues or bring in industry expertise.

As at 31 December 2016, certain borrowings of associates were guaranteed by the Group (note 39) and/or secured by the Group's certain interests in associates with an aggregate carrying value of RMB55,000,000 (2015: RMB1,965,000).

12(c) Investments in associates *(Continued)*

The directors of the Company consider that none of the associates as at 31 December 2016 and 31 December 2015 was significant to the Group and thus the individual financial information of the associates was not disclosed. The summarised financial information of individually immaterial associates on an aggregate basis is as follows:

	2016 **RMB'000**	2015 RMB'000
Carrying amount in the consolidated financial statements	**3,873,349**	884,492
Share of losses for the year	**(70,852)**	(32,427)
Share of total comprehensive loss	**(70,852)**	(32,427)

13 Financial assets at fair value through other comprehensive income

	2016 **RMB'000**	2015 RMB'000
Unlisted equity investments at fair value:		
At 1 January	**–**	–
Reclassified from available-for-sale financial assets	**214,998**	–
Other additions	**601,962**	–
Exchange differences	**22,362**	–
Fair value changes	**31,412**	–
At 31 December	**870,734**	–

At 31 December 2016, the Group's financial assets at fair value through other comprehensive income represented a 3.95% equity interest in an investment fund company which was established in March 2013 in the PRC, a 0.22% equity interest in an investment holding company which was established in 2011 in the Cayman Islands and a 14% equity interest in a venture capital fund which was established in 2016 in the Cayman Islands. These financial assets at fair value through other comprehensive income are denominated in RMB and USD.

The fair value of the Group's investment in the investment fund company amounting to RMB218,374,000 at 31 December 2016 was determined with reference to the Group's share of the net asset value of the investment fund company.

The fair value of the Group's investment in the investment holding company amounting to RMB305,514,000 was valued at 31 December 2016 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited based on direct comparison approach by making reference to recent market transaction prices of similar deals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Financial assets at fair value through other comprehensive income *(Continued)*

The fair value of the Group's investment in the venture capital fund company amounting to RMB346,846,000 at 31 December 2016 was determined based on the transaction price of the private placement of the shares of investment fund company to certain investors around year end date.

The fair value measurement of the financial assets at fair value through other comprehensive income is categorised within level 3 of the fair value hierarchy.

14 Completed properties held for sale

	2016 **RMB'000**	2015 RMB'000
Completed properties held for sale	**30,885,254**	34,114,127

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

15 Inventories

	2016 **RMB'000**	2015 RMB'000
Construction materials and spare parts	**2,203,727**	1,978,437

16 Trade and other receivables

	2016 RMB'000	2015 RMB'000
Included in current assets		
— Trade receivables — net (note (a))	**13,673,129**	14,764,833
— Other receivables — net (note (b))	**84,989,714**	18,335,324
— Loans to related and third parties — net (note (c))	**1,969,159**	133,021
— Prepayments for land (note (d))	**6,820,629**	4,275,331
— Other prepayments (note (e))	**9,869,116**	4,733,607
	117,321,747	42,242,116
Included in non-current assets		
— Loans to related parties and third parties (note (c))	**55,500**	642,950
	117,377,247	42,885,066

As at 31 December 2016, the fair value of trade and other receivables approximated their carrying amounts.

(a) Details of trade receivables are as follows:

	2016 RMB'000	2015 RMB'000
Trade receivables	**13,728,684**	14,764,833
Less: allowance for impairment	**(55,555)**	–
Trade receivables — net	**13,673,129**	14,764,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Trade and other receivables *(Continued)*

(a) Details of trade receivables are as follows: *(Continued)*

Trade receivables mainly arise from sales of properties. Property buyers are generally granted credit terms of 1 to 6 months. The ageing analysis of trade receivables based on revenue recognition date is as follows:

	2016	2015
	RMB'000	RMB'000
Within 90 days	**12,003,625**	12,706,910
Over 90 days and within 180 days	**714,221**	853,260
Over 180 days and within 365 days	**490,522**	821,220
Over 365 days	**520,316**	383,443
	13,728,684	14,764,833

At 31 December 2016 and 2015, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9. As at 31 December 2016, a provision of RMB55,555,000 was made against the gross amount of trade receivables (2015: nil) (note 4).

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. Trade receivables were collateralised by the titles of the properties sold.

16 Trade and other receivables *(Continued)*

(b) Details of other receivables are as follows:

	2016 RMB'000	2015 RMB'000
Amounts due from related parties except for contract work (note 44(c))	**17,568,947**	4,597,657
Land auction and other deposits	**14,292,195**	6,999,069
Amounts due from customers for contract work (i)	**667,059**	563,378
Others (ii)	**52,909,399**	6,175,220
	85,437,600	18,335,324
Less: allowance for impairment	**(447,886)**	–
Other receivables — net	**84,989,714**	18,335,324

(i) Amounts due from customers for contract work are as follows:

	2016 RMB'000	2015 RMB'000
Cost incurred	**5,101,173**	3,919,572
Recognised profits (less recognised losses)	**1,314,436**	1,063,910
	6,415,609	4,983,482
Less: progress billings	**(5,748,550)**	(4,420,104)
	667,059	563,378
Represented by:		
Amounts due from customers	**667,059**	563,378
Including: Related parties (note 44(c))	**397,971**	343,213
Third parties	**269,088**	220,165

(ii) These receivables mainly included current accounts due from the other shareholders of certain joint ventures and associates of the Group for various payments on their behalf, which are interest-free, unsecured and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Trade and other receivables *(Continued)*

(c) As at 31 December 2016, loans to related and third parties bear interest rates ranging from 8% to 15% per annum, of which RMB413,332,000 (2015: nil) were secured by certain properties and land use rights of the third parties, and RMB75,000,000 (2015: nil) were secured by certain other shareholders' interests in the joint ventures and associates of the Group.

	2016 RMB'000	2015 RMB'000
Included in current assets		
— Loans to related parties	**–**	133,021
— Loans to third parties	**1,991,332**	–
— Less: allowance for impairment	**(22,173)**	–
— Loans to related and third parties — net	**1,969,159**	133,021
Included in non-current assets		
— Loans to related parties and third parties	**55,500**	642,950
	2,024,659	775,971

(d) Prepayments for land use rights are related to acquisition of land use rights upon successfully bidding at the land auctions conducted by the PRC government. The relevant land use right certificates have not been obtained at 31 December 2016.

(e) Other prepayments mainly represent prepayments for purchases of construction materials and services.

17 Restricted cash

The amount represented guarantee deposits for construction of pre-sale properties denominated in RMB and RM placed in designated accounts.

In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

18 Cash and cash equivalents

	2016 RMB'000	2015 RMB'000
Cash at bank and in hand	**78,434,654**	31,839,298
Short-term bank deposits	**18,056,233**	16,038,580
	96,490,887	47,877,878
Less: restricted cash (note 17)	**(11,843,988)**	(11,637,126)
	84,646,899	36,240,752

The short-term bank deposits are denominated in RMB and have terms ranging from 1 month to 3 months. The effective interest rate of these deposits as at 31 December 2016 was 2.54% per annum (2015: 3.11% per annum).

Cash and deposits are denominated in the following currencies:

	2016 RMB'000	2015 RMB'000
Denominated in RMB	**90,541,406**	46,753,858
Denominated in HKD	**705,041**	17,684
Denominated in USD	**1,552,046**	386,984
Denominated in RM	**3,308,429**	554,834
Denominated in other currencies	**383,965**	164,518
	96,490,887	47,877,878

The conversion of RMB and RM denominated balances into other currencies and the remittance of bank balances and cash out of the PRC and Malaysia are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC and Malaysian governments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Financial assets at fair value through profit or loss

	2016 **RMB'000**	2015 RMB'000
Listed equity security — China (note (a))	**1,188,096**	1,188,096
Wealth management products (note (b))	**6,133,140**	–
	7,321,236	1,188,096

(a) Amount represented a 9.16% equity interest in Tiantu, which is mainly engaged in investment activities and is listed on the National Equities Exchange and Quotations in the PRC. The fair value of the investment at 31 December 2016 was calculated using the quoted market price. The fair value measurement of the listed equity security is categorised within level 1 of the fair value hierarchy.

(b) Wealth management products are mainly investments in financial instruments issued by banks. They have initial terms ranging from 3 to 181 days. The fair values of these investments approximated their carrying values as at 31 December 2016.

20 Trade and other payables

	2016 **RMB'000**	2015 RMB'000
Trade payables (note (b))	**76,074,204**	53,478,430
Other taxes payable	**8,211,358**	2,443,970
Salaries payable	**5,683,591**	3,369,731
Other payables (note (c))	**61,422,617**	13,722,445
Accrued expenses	**397,490**	370,624
	151,789,260	73,385,200

(a) As at 31 December 2016, the carrying amounts of trade and other payables approximated their fair values.

20 Trade and other payables *(Continued)*

(b) The ageing analysis of trade payables mainly based on the date of invoices is as follows:

	2016	2015
	RMB'000	RMB'000
Within 90 days	**63,517,129**	47,826,776
Over 90 days and within 180 days	**9,412,965**	3,098,282
Over 180 days and within 365 days	**1,876,190**	1,564,830
Over 365 days	**1,267,920**	988,542
	76,074,204	53,478,430

(c) Other payables mainly included current accounts due to certain joint ventures and associates of the Group and outstanding considerations to acquire certain subsidiaries, joint ventures and associates, which are interest-free, unsecured and repayable on demand.

21 Receipts under securitisation arrangements

These represented proceeds received from issuance of receipts under securitisation arrangements collateralised by certain future trade receivables for the remaining receipts from sales of properties amounting to RMB7,043,440,000. These securities bear an effective interest rate of 4.5% to 6.0% per annum and have a revolving term of 3 to 6 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Derivative financial instruments

	2016		2015	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	**RMB'000**	RMB'000	RMB'000
Qualified for hedge accounting				
Foreign currency option contracts (note (a))	**462,021**	**–**	–	–
Foreign exchange structured derivatives (note (b))	**549,034**	**–**	–	–
Cross currency swaps (note (c))	**45,462**	**–**	–	–
Not qualified for hedge accounting				
Foreign exchange forward contracts	**165,015**	**41,762**	18,043	10,198
	1,221,532	**41,762**	18,043	10,198
Analysed as:				
Current	**187,145**	**41,762**	18,043	10,198
Non-current	**1,034,387**	**–**	–	–
	1,221,532	**41,762**	18,043	10,198

The notional principal amount of the derivative financial instruments at 31 December 2016 was RMB27,806,596,000, of which RMB23,520,977,000 was for cash flow hedge. These contracts will mature during the years from 2017 to 2021.

22 Derivative financial instruments *(Continued)*

The effects of applying hedge accounting on the Group's financial position and performance are as follows:

		31 December 2016 RMB'000
(a)	**Derivative financial instruments — Foreign currency option contracts**	
	Carrying amount	**462,021**
	Notional amount	**14,199,172**
	Maturity date	**23 May 2017– 31 March 2021**
	Hedge ratio*	**1:1**
	Change in foreign exchange risk component of outstanding hedging instruments since 1 January	**813,300**
	Change in value of hedged item used to determine hedge effectiveness	**(769,900)**
	Strike rate	**USD: RMB ranging from 6.48 to 6.68**
(b)	**Derivative financial instruments — Foreign exchange structured derivatives (note (i))**	
	Carrying amount	**549,034**
	Notional amount	**8,898,090**
	Maturity date	**17 December 2018– 9 March 2020**
	Hedge ratio*	**1:1**
	Change in foreign exchange risk component of outstanding hedging instruments since 1 January	**583,201**
	Change in value of hedged item used to determine hedge effectiveness	**(524,702)**
	Strike rate	**USD: RMB ranging from 6.49 to 6.66**

(i): Foreign exchange structured derivatives are cross-currency swaps with options against exchange rate risk of interest and principal repayment.

(c)	**Derivative financial instruments — Cross currency swaps**	
	Carrying amount	**45,462**
	Notional amount	**423,715**
	Maturity date	**18 December 2018**
	Hedge ratio*	**1:1**
	Change in foreign exchange risk component of outstanding hedging instruments since 1 January	**25,784**
	Change in value of hedged item used to determine hedge effectiveness	**(20,722)**
	Strike rate	**HKD: RMB 0.85**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Derivative financial instruments *(Continued)*

	2016 RMB'000
(d) Reserves	
Deferred cost of hedging reserve – deferred time value — opening balance	–
Add: costs of hedging deferred for the year	(365,768)
Less: reclassified to profit or loss	69,867
Closing balance	(295,901)

	2016 RMB'000
Cash flow hedge reserve – opening balance	–
Add: change in fair value of hedging instrument recognised in other comprehensive income for the year (effective portion)	1,422,285
Less: reclassified to profit or loss	(1,332,303)
Closing balance	89,982

* The foreign currency option contracts, foreign exchange structured derivatives and cross currency swap contracts are denominated in the same currency as the highly probable future debt payments (USD and HKD), therefore the hedge ratio is 1:1.

23 Senior notes

	2016 RMB'000	2015 RMB'000
As at 1 January	**20,878,179**	22,273,762
Additions	**6,654,357**	5,483,516
Early redemption and repayment on maturity	**–**	(8,018,100)
Interest expenses (note 34)	**1,731,150**	1,880,984
Coupon paid	**(1,590,989)**	(1,917,376)
Covenant modification fees	**–**	(51,166)
Exchange differences	**1,591,751**	1,226,559
	29,264,448	20,878,179
Included in non-current liabilities	**29,264,448**	20,878,179

The Group's senior notes were repayable as follows:

	2016 RMB'000	2015 RMB'000
Between 2 and 5 years	**17,048,157**	11,041,295
Over 5 years	**12,216,291**	9,836,884
	29,264,448	20,878,179

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Senior notes *(Continued)*

(a) The Group has issued the following senior notes:

(i) On 10 January 2013, the Company issued senior notes in an aggregate principal amount of USD750,000,000 (the "2023 Notes I"). The 2023 Notes carry interest at the rate of 7.5% per annum, payable semi-annually on 10 January and 10 July in arrears, and will mature on 10 January 2023, unless redeemed earlier.

(ii) On 4 October 2013, the Company issued senior notes in an aggregate principal amount of USD750,000,000 (the "2021 Notes"). The 2021 Notes carry interest at the rate of 7.25% per annum, payable semi-annually on 4 October and 4 April in arrears, and will mature on 4 October 2021, unless redeemed earlier.

(iii) On 27 May 2014, the Company issued senior notes in an aggregate principal amount of USD550,000,000 (the "2019 Notes I"). The 2019 Notes I carry interest at the rate of 7.875% per annum, payable semi-annually on 27 May and 27 November in arrears, and will mature on 27 May 2019, unless redeemed earlier.

(iv) On 5 June 2014, the Company issued senior notes in an aggregate principal amount of USD250,000,000 (the "2019 Notes II"). The 2019 Notes II were issued by way of private placement and carry interest at the rate of 7.5% per annum, payable semi-annually on 5 June and 5 December in arrears, and will mature on 5 June 2019.

(v) On 9 March 2015, the Company issued senior notes in an aggregated principal amount of USD900,000,000 (the "2020 Notes"). The 2020 Notes carry interest at the rate of 7.5% per annum, payable semi-annually on 9 March and 9 September in arrears, and will mature on 9 March 2020, unless redeemed earlier.

(vi) On 20 September 2016, the Company issued senior notes in an aggregated principal amount of USD650,000,000 (the "2023 Notes II"). The 2023 Notes carry interest at the rate of 4.75% per annum, payable semi-annually on 28 March and 28 September in arrears, and will mature on 28 September 2023, unless redeemed earlier.

(vii) On 7 December 2016, the Company issued senior notes in an aggregated principal amount of USD350,000,000 (the "2026 Notes"). The 2026 Notes carry interest at the rate of 5.625% per annum, payable semi-annually on 15 June and 15 December in arrears, and will mature on 15 December 2026, unless redeemed earlier.

23 Senior notes *(Continued)*

(b) Except for the 2019 Notes II, all senior notes are listed on the Singapore Exchange Securities Trading Limited.

Except for the 2019 Notes II, all senior notes contain debt component and the early redemption options:

Debt 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 5.63%, 7.91%, 5.16%, 7.84%, 7.96%, 8.77% and 7.72% per annum to the debt component of the 2026 Notes, 2023 Notes I, 2023 Notes II, 2021 Notes, 2020 Notes, 2019 Notes I and 2019 Notes II respectively.

Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options was insignificant on initial recognition and at 31 December 2016 and 2015.

Except for the above early redemption option, the holders of the 2026 Notes have a put option to request the Company to repurchase their notes on 15 December 2021 at the price equal to 100% of the principle amounts of their notes. The directors consider that the fair value of this put option was insignificant on initial recognition and at 31 December 2016.

The fair value of the senior notes at 31 December 2016 was approximately RMB30,017,205,000 (2015: RMB21,600,831,000). The fair value is calculated using the market prices of the senior notes on the date of statement of financial position. The fair value measurement of the senior notes is categorised within level 1 of fair value hierarchy.

(c) All of the Group's senior notes are subject to the fulfilment of covenants relating to certain of the Group's debt servicing financial indicators. The Group regularly monitors its compliance with these covenants. As at 31 December 2016, none of the covenants had been breached.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Corporate bonds

	2016 RMB'000	2015 RMB'000
As at 1 January	**15,258,499**	–
Additions	**21,901,130**	15,111,799
Accrued interest on par value for the year	**1,216,800**	142,861
Amortisation of the discount	**43,857**	3,949
Interest payment	**(714,613)**	–
Exchange differences	**3,951**	(110)
	37,709,624	15,258,499
Less: current potion included in current liabilities	**(8,207,477)**	–
Included in non-current liabilities	**29,502,147**	15,258,499

The Group's corporate bonds are repayable as follows:

	2016 RMB'000	2015 RMB'000
Within 1 year	**8,207,477**	–
Between 1 and 2 years	**16,420,928**	173,019
Between 2 and 5 years	**13,081,219**	15,085,480
	37,709,624	15,258,499

24 Corporate bonds *(Continued)*

(a) The Group's corporate bonds comprised the followings as at 31 December 2016:

Name of bond	Par value	Interest rate	Issue date	Term of the bond	Net proceeds after issuance cost	Effective interest rate per annum
	RMB'000				RMB'000	
RMB Corporate bonds of the Company issued in 2015	1,000,000	4.99%	29 December 2015	5 years	985,000	5.55%
RMB Corporate bonds tranche I of the Company issued in 2016	4,000,000	4.75%	2 March 2016	5 years	3,980,000	4.93%
RMB Corporate bonds tranche II of the Company issued in 2016	4,000,000	4.55%	29 March 2016	4 years	3,980,000	4.82%
RMB Corporate bonds tranche III of the Company issued in 2016	1,000,000	4.60%	2 August 2016	5 years	995,000	4.78%
RMB Corporate bonds tranche IV of the Company issued in 2016 – series I	4,170,000	4.15%	2 September 2016	4 years	4,152,903	4.37%
RMB Corporate bonds tranche IV of the Company issued in 2016 – series II	5,830,000	5.65%	2 September 2016	7 years	5,806,097	5.75%
RMB Corporate bonds I tranche I of Zengcheng Country Garden Property Development Co., Ltd.. ("Zengcheng Country Garden") issued in 2015	3,000,000	4.20%	3 August 2015	3 years	2,989,500	4.33%
RMB Corporate bonds I tranche II of Zengcheng Country Garden issued in 2015	3,000,000	4.20%	12 August 2015	3 years	2,991,000	4.31%
RMB Corporate bonds II tranche I of Zengcheng Country Garden issued in 2015	4,000,000	4.95%	9 November 2015	4 years	3,985,200	5.15%
RMB Corporate bonds II tranche II of Zengcheng Country Garden issued in 2015	4,000,000	5.10%	7 December 2015	4 years	3,988,000	5.26%
RM Corporate bonds of Country Garden Real Estate Sdn. Bhd. issued in 2015	174,219	6.00%	30 December 2015	2 years	173,099	6.35%
RMB Corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2016 – series I	1,000,000	3.20%	21 October 2016	4 years	995,710	3.43%
RMB Corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2016 – series II	2,000,000	3.90%	21 October 2016	7 years	1,991,420	4.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Corporate bonds *(Continued)*

(b) The RMB corporate bonds issued by Zengcheng Country Garden and Guangdong Giant Leap Construction Co., Ltd. were guaranteed by the Company.

(c) The RM corporate bonds issued by Country Garden Real Estate Sdn. Bhd. were jointly guaranteed by the Company, Bright Start Group Ltd. and Top Favour Holdings Ltd. (both are wholly owned subsidiaries of the Company), and secured by all of Country Garden Real Estate Sdn. Bhd.'s present and future assets, a first ranking charge over shares by Bright Start Group Ltd. and Top Favour Holdings Ltd. over their respective shares in Country Garden Real Estate Sdn. Bhd., including but not limited to bonus shares, right shares and other new shares or rights entitlements.

(d) The RMB corporate bonds II (tranche I and tranche II) issued by Zengcheng Country Garden, RMB corporate bonds issued by the Company and RMB corporate bonds issued by Guangdong Giant Leap Construction Co., Ltd. contain a debt component and coupon rate adjustment options:

Debt 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 directors consider that the fair values of the above coupon rate adjustment options were insignificant on initial recognition and at 31 December 2016.

Certain corporate bonds will mature within one year to the contractual repricing dates, which is included in current liability of the consolidated statement of financial position.

The fair values of the corporate bonds at 31 December 2016 were RMB36,994,390,000. The fair value measurement of RMB corporate bonds I tranche I and II issued by Zengcheng Country Garden and RMB corporate bonds issued by Guangdong Giant Leap Construction Co., Ltd. are categorised within level 1 of the fair value hierarchy as they are listed on Shanghai Stock Exchange. The fair value measurement of other corporate bonds is categorised within level 3 of the fair value hierarchy as they are private placements. The fair values of these corporate bonds are calculated based on the discounted cash flows of the principal and interest payments.

25 Bank and other borrowings

	2016 **RMB'000**	2015 RMB'000
Included in non-current liabilities:		
— secured	**21,456,699**	29,094,271
— unsecured	**30,120,672**	17,504,067
Less: current portion	**(12,867,292)**	(15,769,259)
	38,710,079	30,829,079
Included in current liabilities:		
— secured	**7,433,863**	2,807,099
— unsecured	**10,211,570**	4,201,680
Current portion of non-current liabilities	**12,867,292**	15,769,259
	30,512,725	22,778,038

The Group's borrowings as at 31 December 2016 of RMB26,802,562,000 (2015: RMB29,233,374,000), were jointly secured by certain properties, land use rights and equipment of the Group (notes 7, 8, 10 and 11) with total carrying values of RMB24,495,397,000 (2015: RMB23,704,691,000). The Group's borrowings as at 31 December 2016 of RMB2,088,000,000 (2015: RMB2,667,996,000) were guaranteed by the Company and secured by the Group's equity interests in certain subsidiaries.

The exposure of the Group's bank and other borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	2016 **RMB'000**	2015 RMB'000
6 months or less	**56,119,929**	53,423,551
6–12 months	**27,720**	25,464
1–5 years	**102,513**	158,102
	56,250,162	53,607,117

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 Bank and other borrowings *(Continued)*

At 31 December 2016, the Group's bank and other borrowings were repayable as follows:

	2016		2015	
	Bank borrowings RMB'000	**Other borrowings RMB'000**	Bank borrowings RMB'000	Other borrowings RMB'000
Within 1 year	**26,073,952**	**4,438,773**	22,727,111	50,927
Between 1 and 2 years	**18,027,899**	**57,507**	12,959,677	54,346
Between 2 and 5 years	**18,065,035**	**45,006**	17,219,084	103,756
Over 5 years	**2,514,632**	**–**	492,216	–
	64,681,518	**4,541,286**	53,398,088	209,029

The annual weighted average effective interest rates for the year ended 31 December were as follows:

	2016	2015
— Bank and other borrowings	**6.01%**	6.88%

The carrying amounts of the bank and other borrowings approximated their fair values as these borrowings are mainly floating-rate borrowings.

The carrying amounts of the bank and other borrowings are denominated in the following currencies:

	2016 RMB'000	2015 RMB'000
RMB	**54,768,769**	40,076,619
HKD	**3,932,713**	3,710,616
USD	**8,190,914**	7,131,060
RM	**1,531,550**	2,320,723
Other	**798,858**	368,099
	69,222,804	53,607,117

Certain of the Group's bank and other borrowings are subject to the fulfilment of covenants relating to certain of the Group's debt servicing financial indicators. The Group regularly monitors its compliance with these covenants. As at 31 December 2016, none of the covenants had been breached.

26 Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Total	Treasury shares	Group total
		HKD'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Authorised							
At 1 January 2015, 31 December 2015 and 2016, HKD0.10 per share	100,000,000,000	10,000,000					
Issued and fully paid							
At 1 January 2015	20,351,819,782	2,035,182	1,940,004	22,702,279	24,642,283	(380,236)	24,262,047
Issue of shares	2,236,200,000	223,620	176,861	4,773,703	4,950,564	–	4,950,564
At 31 December 2015 and 1 January 2016	22,588,019,782	2,258,802	2,116,865	27,475,982	29,592,847	(380,236)	29,212,611
Buy-back of shares (note (a))	–	–	–	–	–	(3,535,394)	(3,535,394)
Cancellation of shares (note (a))	(981,277,000)	(98,128)	(84,486)	(3,046,223)	(3,130,709)	3,130,709	–
At 31 December 2016	**21,606,742,782**	**2,160,674**	**2,032,379**	**24,429,759**	**26,462,138**	**(784,921)**	**25,677,217**

(a) Buy-back and cancellation of shares

The Group bought back a total of 1,086,053,000 of the Company's shares during 2016, of which 981,277,000 shares have been cancelled as of 31 December 2016. The total consideration paid to buy back these shares was RMB 3,535,394,000, which has been deducted from equity attributable to the owners of the Company.

27 Employee share schemes

The share-based compensation expenses recognised are as follows:

	2016	2015
	RMB'000	RMB'000
Share option scheme (note (a))	**10,944**	5,790
Share award scheme (note (b))	**33,685**	24,321
Deemed share-based compensation (note (c))	**38,205**	–
	82,834	30,111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Employee share schemes *(Continued)*

(a) Share option scheme

On 30 November 2012, the Group granted 3,000,000 share options (adjusted to 3,044,358 as a result of a rights issue in 2014) with an exercise price of HKD3.7 per share (adjusted to HKD3.646 per share as a result of a rights issue in 2014) to certain independent non-executive directors. The options were vested immediately after the grant date and have a contractual option term of 10 years. The Group has no legal or contractual obligation to repurchase or settle the options in cash.

On 13 December 2013, the Group granted 6,173,457 share options (adjusted to 6,264,738 as a result of a rights issue in 2014) with an exercise price of HKD4.844 per share (adjusted to HKD4.773 per share as a result of a rights issue in 2014) to certain directors and employees in connection with a profit sharing incentive scheme (the "Incentive Scheme") adopted by the Group.

On 14 January 2016, 16 March 2016, 11 May 2016 and 19 August 2016, the Group granted 2,665,373, 2,431,903, 1,599,861 and 1,265,081 share options with exercise prices of HKD3.020, HKD3.332, HKD3.106 and HKD3.740 per share, respectively, to certain directors in connection with the Incentive Scheme.

Pursuant to the Incentive Scheme, certain portion of the bonus calculated in accordance with the Incentive Scheme is settled in cash, while the remaining portion is settled in the Company's shares as the consideration for the costs to exercise the share options. The vesting period of the above share options is 5 years from their respective grant dates. The fair value of these share options at the grant date approximated the portion of bonus which is to be settled in the Company's shares.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2016		2015	
	Weighted Average exercise price (HKD per share)	**Number of options**	Weighted Average exercise price ((HKD per share)	Number of options
At 1 January	**4.382**	**8,765,026**	4.397	9,141,015
Granted	**3.250**	**7,962,218**	–	–
Lapsed	**3.020**	**(2,665,373)**	4.773	(375,989)
At 31 December	**3.997**	**14,061,871**	4.382	8,765,026

None of the above share options were exercised in 2016 (2015: nil).

27 Employee share schemes *(Continued)*

(a) Share option scheme *(Continued)*

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

Expiry date	Exercise price in HKD per share	Number of share options
29 November 2022	3.646	3,044,358
12 December 2023	4.773	5,720,668
15 March 2026	3.332	2,431,903
10 May 2026	3.106	1,599,861
18 August 2026	3.740	1,265,081
		14,061,871

The Group has to estimate the expected percentage of grantees that will stay within the Group at the end of vesting periods (the "Expected Retention Rate") of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2016, the Expected Retention Rate was assessed to be 100% (2015: 100%).

(b) Share award scheme

On 11 February 2015, 11 March 2015, 19 August 2015 and 9 December 2015, respectively, the Group granted 14,770,863, 6,128,293, 9,863,225 and 3,403,877 shares to certain senior management and employees (the "Awarded Shares").

On 15 March 2016, 11 May 2016, 18 August 2016 and 8 December 2016, respectively, the Board has resolved to grant 3,658,545, 5,365,064, 764,071 and 10,115,794 shares to certain senior management and employees.

Pursuant to the Incentive Scheme, certain portion of the bonus calculated in accordance with the Incentive Scheme is settled in cash, while the remaining portion is settled in the Company's shares. The vesting period of the Awarded Shares is 5 years from their respective grant date.

The Group planned to use treasury shares to award the grantees of the Awarded Shares. The Awarded Shares are held by a wholly owned subsidiary of the Group, on behalf of these senior management and employees until the end of vesting periods.

The fair value of these Awarded Shares at the grant date approximated the portion of bonus which is to be settled in the Company's shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Employee share schemes *(Continued)*

(b) Share award scheme *(Continued)*

Movements in the number of Awarded Shares are as follows:

	2016 Number of shares awarded	2015 Number of shares awarded
At 1 January	**31,802,701**	–
Granted	**19,903,474**	34,166,258
Lapsed	**–**	(2,363,557)
At 31 December	**51,706,175**	31,802,701

The Group has to estimate the Expected Retention Rate of the share award scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2016, the Expected Retention Rate was assessed to be 100% (2015: 100%).

(c) Issue of shares by a subsidiary

Tibet Shunqi Investment Centre (LLP) ("Shunqi LLP") was set up by certain directors, supervisors and senior management of Guangdong Country Garden Property Service Co., Ltd. ("Country Garden PS"), a subsidiary of the Company. In March 2016, Country Garden PS increased its registered capital by RMB28,800,000 in the form of issuing 28,800,000 ordinary shares, which were subscribed by Shunqi LLP at a consideration of RMB115,200,000. The RMB86,400,000 of excess of the consideration over the registered capital was accounted for as contributed surplus and recorded in other reserves.

Shunqi LLP was established to enable the key management personnel to hold the shares of Country Garden PS indirectly through Shunqi LLP, thus the issue of the 28,800,000 ordinary shares to Shunqi LLP falls into the scope of share-based payments and constitutes share-based compensation to employees settled by equity.

The fair value of the above shares issued is determined using income approach (discounted cash flow model), which was assessed to be RMB153,405,000 as at the issue date, the difference of RMB38,205,000 as compared to the consideration of RMB115,200,000 was accounted for as share-based compensation expense. The key assumptions used in determining the fair value mainly include:

— Discount rate of 12% per annum; and

— Lack of control discount rate of 10.28%.

28 Other reserves and retained earnings

	Merger reserve RMB'000 (note (a))	Statutory reserve RMB'000 (note (b))	Share option reserve RMB'000	AFS reserve RMB'000	Translation reserve RMB'000	Revaluation reserve RMB'000	Others RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2015	(149,801)	3,312,154	56,335	8,667	(42,668)	1,464,237	(405,476)	4,243,448	28,180,710	32,424,158
Profit for the year	–	–	–	–	–	–	–	–	9,276,485	9,276,485
Transfer to statutory reserves (note (b))	–	547,660	–	–	–	–	–	547,660	(547,660)	–
2014 final dividends and 2015 interim dividends	–	–	–	–	–	–	–	–	(4,773,575)	(4,773,575)
Currency translation differences	–	–	–	–	(827,849)	–	–	(827,849)	–	(827,849)
Employee share schemes — Value of employee service (notes 27 and 33)	–	–	30,111	–	–	–	–	30,111	–	30,111
Change in fair value of available-for-sale financial assets, net of tax	–	–	–	4,748	–	–	–	4,748	–	4,748
Changes in ownership interests in subsidiaries without change of control	–	–	–	–	–	–	(55,979)	(55,979)	–	(55,979)
Balance at 31 December 2015	(149,801)	3,859,814	86,446	13,415	(870,517)	1,464,237	(461,455)	3,942,139	32,135,960	36,078,099

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Other reserves and retained earnings *(Continued)*

	Merger reserve RMB'000 (note (a))	Statutory reserve RMB'000 (note (b))	Share option reserve RMB'000	AFS reserve RMB'000	FATOCI reserve RMB'000	Translation reserve RMB'000	Revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Deferred costs of hedging reserve RMB'000	Others RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2016	(149,801)	3,859,814	86,446	13,415	–	(870,517)	1,464,237	–	–	(461,455)	3,942,139	32,135,960	36,078,099
Adjustment on adoption of HKFRS 9 (note 3)	–	–	–	(13,415)	13,415	–	–	–	–	–	–	(327,932)	(327,932)
Restated other reserves at 1 January 2016	(149,801)	3,859,814	86,446	–	13,415	(870,517)	1,464,237	–	–	(461,455)	3,942,139	31,808,028	35,750,167
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	11,516,815	11,516,815
Transfer to statutory reserves (note (b))	–	352,697	–	–	–	–	–	-	–	–	352,697	(352,697)	–
2015 final and 2016 interim dividends	–	–	–	–	–	–	–	–	–	–	–	(3,005,040)	(3,005,040)
Capital injection from non-controlling interests (note 27(c))	–	–	–	–	–	–	–	–	–	86,400	86,400	–	86,400
Employee share scheme – Value of employee service (notes 27 and 33)	–	–	44,629	–	–	–	–	–	–	38,205	82,834	–	82,834
Change in fair value of equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	45,921	–	–	–	–	–	45,921	–	45,921
Changes in ownership interests in subsidiaries without change of control (note 41)	–	–	–	–	–	–	–	–	–	(48,410)	(48,410)	–	(48,410)
Currency translation differences	–	–	–	–	–	228,380	–	–	–	–	228,380	–	228,380
Deferred gains on cash flow hedges, net of tax	–	–	–	–	–	–	–	89,982	–	–	89,982	–	89,982
Deferred costs of hedging, net of tax	–	–	–	–	–	–	–	–	(295,901)	–	(295,901)	–	(295,901)
Balance at 31 December 2016	(149,801)	4,212,511	131,075	–	59,336	(642,137)	1,464,237	89,982	(295,901)	(385,260)	4,484,042	39,967,106	44,451,148

Notes:

(a) Merger reserve of the Group represented the difference between the share capital of subsidiaries acquired pursuant to a group reorganisation undertaken for the listing of Company on the main board of the Stock Exchange in 2007 over the nominal value of shares of the Company issued in exchange thereof.

(b) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

29 Perpetual capital securities

	2016 RMB'000	2015 RMB'000
Balance as at 1 January	**19,528,000**	3,090,000
Securities issued during the year	**–**	16,838,000
Redemption	**(19,528,000)**	(400,000)
Profit for the year	**1,409,534**	356,104
Distribution for the year	**(1,409,534)**	(356,104)
Balance as at 31 December	**–**	19,528,000

In 2015, certain subsidiaries (the "Issuing Subsidiaries") of the Group issued subordinated unlisted perpetual capital securities (the "Perpetual Capital Securities") to certain financial institutions in the PRC.

The Perpetual Capital Securities were jointly guaranteed by the Company and Issuing Subsidiaries and secured by pledges of the shares of Issuing Subsidiaries. They did not have maturity date and the distribution payments could be deferred at the discretion of the Issuing Subsidiaries. The Perpetual Capital Securities were classified as equity instruments and recorded in non-controlling interests in the consolidated statement of financial position.

During the year ended 31 December 2016, the Issuing Subsidiaries declared distributions of totalling RMB1,409,534,000 (2015: RMB356,104,000) to the holders of the Perpetual Capital Securities, of which RMB272,721,000 (2015: RMB55,605,000) has not been paid and recorded in other payables as at 31 December 2016.

During the year of 2016, all perpetual capital securities of the Group, amounting to RMB19,528,000,000, have been repaid in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Deferred income tax

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

	2016 RMB'000	2015 RMB'000
Deferred income tax assets:		
— to be realised after more than 12 months	**3,202,375**	1,610,778
— to be realised within 12 months	**4,619,938**	2,176,164
	7,822,313	3,786,942
Deferred income tax liabilities:		
— to be settled after more than 12 months	**(6,262,382)**	(3,510,843)
— to be settled within 12 months	**(665,922)**	(304,874)
	(6,928,304)	(3,815,717)
	894,009	(28,775)

The movement on the net deferred income tax account is as follows:

	2016 RMB'000	2015 RMB'000
Beginning of the year	**(28,775)**	182,135
Acquisition of subsidiaries (note 43)	**(2,170,554)**	(681,166)
Charged to other comprehensive income	**(7,853)**	(1,583)
Recognised in profit or loss (note 35)	**3,101,191**	471,839
End of the year	**894,009**	(28,775)

30 Deferred income tax *(Continued)*

Movement in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax assets:

	Impairment of assets	Fair value loss from business combination	Recognition of expenses	Elimination of unrealised profits	Tax losses	Prepaid income tax	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	–	–	77,217	1,396,306	1,296,588	–	2,770,111
Acquisition of subsidiaries	–	15,887	–	–	7,664	–	23,551
(Charged)/Credited to profit or loss	–	–	(52,516)	(149,566)	1,195,362	–	993,280
At 31 December 2015	–	15,887	24,701	1,246,740	2,499,614	–	3,786,942
At 1 January 2016	**–**	**15,887**	**24,701**	**1,246,740**	**2,499,614**	**–**	**3,786,942**
Acquisition of subsidiaries (note 43)	**–**	**67,105**	**–**	**–**	**–**	**–**	**67,105**
Credited to profit or loss	**188,156**	**–**	**58,650**	**3,677**	**1,903,962**	**1,813,821**	**3,968,266**
At 31 December 2016	**188,156**	**82,992**	**83,351**	**1,250,417**	**4,403,576**	**1,813,821**	**7,822,313**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets as at 31 December 2016 of RMB8,563,000 (2015: RMB6,333,500) in respect of accumulated tax losses amounting to RMB34,253,000 as at 31 December 2016 (2015: RMB25,334,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Deferred income tax *(Continued)*

Deferred income tax liabilities:

	Fair value gain from business combination RMB'000	Recognition of construction contract revenue and contract costs RMB'000	Withholding income tax on profit to be distributed in future RMB'000	Fair value gains on investment properties RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015	(99,270)	(1,087,177)	(443,441)	(958,088)	–	(2,587,976)
Acquisition of subsidiaries	(704,717)	–	–	–	–	(704,717)
Charged to other comprehensive income	–	–	–	–	(1,583)	(1,583)
Credited/(Charged) to profit or loss	29,986	(239,831)	(99,955)	(211,641)	–	(521,441)
At 31 December 2015	(774,001)	(1,327,008)	(543,396)	(1,169,729)	(1,583)	(3,815,717)
At 1 January 2016	**(774,001)**	**(1,327,008)**	**(543,396)**	**(1,169,729)**	**(1,583)**	**(3,815,717)**
Acquisition of subsidiaries (note 43)	**(2,237,659)**	**–**	**–**	**–**	**–**	**(2,237,659)**
Charged to other comprehensive income	**–**	**–**	**–**	**–**	**(7,853)**	**(7,853)**
Credited/(Charged) to profit or loss	**205,122**	**(904,807)**	**(40,628)**	**(69,775)**	**(56,987)**	**(867,075)**
At 31 December 2016	**(2,806,538)**	**(2,231,815)**	**(584,024)**	**(1,239,504)**	**(66,423)**	**(6,928,304)**

Note:

As at 31 December 2016, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside PRC, for which no deferred income tax liability had been provided, were approximately RMB41,627,058,000 (2015: RMB33,844,170,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

31 Other income and gains — net

	2016 RMB'000	2015 RMB'000
Refund of land usage tax and other government grants	**16,697**	183,690
Gains arising from negative goodwill (note 43)	**1,257,658**	118,315
Forfeiture of advances received from customers	**19,626**	68,232
Changes in fair value of derivative financial instruments	**149,827**	7,845
Gains on disposal of subsidiaries (note 42)	**36,980**	1,547
Gains/(losses) on disposals of property, plant and equipment	**18,722**	(1,347)
Others	**30,955**	45,703
	1,530,465	423,985

32 Expenses by nature

	2016 RMB'000	2015 RMB'000
Auditor's remuneration	**17,141**	15,710
— Audit services	**11,280**	9,950
— Non-audit services	**5,861**	5,760
Advertising costs	**3,873,047**	1,391,167
Amortisation of intangible assets (note 9)	**19,063**	10,568
Provision for impairment of trade and other receivables	**88,371**	–
Business taxes and other levies (note (b))	**6,374,273**	6,872,861
Costs of completed properties sold	**113,131,527**	82,330,852
Donations (note (a))	**420,009**	83,038
Depreciation (note 7)	**697,462**	596,576
Employee benefit expenses (note 33)	**6,464,200**	4,955,937
Land use rights amortisation (note 10)	**60,731**	57,149
Rental expenses	**290,954**	166,339
Others	**1,768,095**	1,797,863
Total cost of sales, selling and marketing costs and administrative expenses	**133,204,873**	98,278,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Expenses by nature *(Continued)*

Note:

(a) During the year, RMB386,200,000 of the Group's donations were made through Guoqiang Public Welfare Foundation of Guangdong Province of which certain directors of the Group are also directors of the foundation.

(b) Pursuant to the 'Circular on the Overall Promotion of Pilot Program of Levying VAT in place of Business Tax' ("Cai Shui 2016 No. 36") jointly issued by the Ministry of Finance and the State Administration of Taxation, the PRC subsidiaries of the Group are subject to value added tax ("VAT") from 1 May 2016 on their revenues instead of business tax. The applicable tax rates are as follows:

Category	Rate of VAT
Sale of properties (i)	5%, 11%
Property construction, fitting and decoration (ii)	3%, 11%
Property investment (i)	5%, 11%
Property management (ii)	3%, 6%
Hotel service (ii)	3%, 6%

(i) According to the Circular CaiShui 2016 No. 36, VAT for sales of properties and income from property investment, in the case that the construction of properties commenced or the investment property was acquired before 1 May 2016, is calculated at a tax rate of 5% based on a simple method. Otherwise, the VAT is calculated at a tax rate of 11%.

(ii) According to the Circular CaiShui 2016 No. 36, VAT for general VAT payer and small-scale VAT payer is 11% and 3% of property construction, fitting and decoration, respectively, and 6% and 3% for property management and hotel service, respectively.

33 Employee benefit expenses

	2016	2015
	RMB'000	RMB'000
Wages and salaries	**10,115,129**	7,317,496
Contributions to pension plans (note (a))	**69,928**	50,317
Staff welfare	**159,842**	115,015
Medical benefits	**139,861**	100,638
Share-based compensation expenses	**82,834**	30,111
Other allowances and benefits	**39,959**	28,752
	10,607,553	7,642,329
Less: capitalised in properties under development	**(4,143,353)**	(2,686,392)
	6,464,200	4,955,937

(a) Contributions to pension plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal governments to the scheme to fund the retirement benefits of the employees.

33 Employee benefit expenses *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2015: four) directors whose emoluments are reflected in the analysis shown in note 48. The emoluments payable to the remaining three (2015: one) individual during the year are as follows:

	2016	2015
	RMB'000	RMB'000
Salaries and other benefits	**5,331**	1,746
Bonuses	**101,072**	16,162
Share-based compensation expenses	**2,682**	5,661
Contributions to pension plans	**154**	31
	109,239	23,600

The emoluments fell within the following bands:

	Number of individuals	
	2016	2015
HKD29,000,001 to HKD29,500,000	**–**	1
HKD30,000,001 to HKD30,500,000	**1**	–
HKD46,000,001 to HKD46,500,000	**1**	–
HKD50,500,001 to HKD51,000,000	**1**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Finance costs — net

	2016 RMB'000	2015 RMB'000
Finance income:		
— Interest income on short-term bank deposits	**532,870**	221,079
Finance costs:		
— Interest expense:		
— Bank and other borrowings	**(3,741,134)**	(3,033,909)
— Senior notes	**(1,731,150)**	(1,880,984)
— Corporate bonds	**(1,260,657)**	(146,810)
— Receipts under securitisation arrangements	**(143,810)**	–
	(6,876,751)	(5,061,703)
Less: amounts capitalised on qualifying assets	**6,733,712**	5,061,703
	(143,039)	–
— Net foreign exchange losses on financing activities	**(2,747,572)**	(1,640,840)
— Reclassified from cash flow hedge reserves	**1,332,303**	–
— Reclassified from deferred cost of hedging reserves	**(69,867)**	–
Less: amounts capitalised on qualifying assets	**–**	437,620
	(1,485,136)	(1,203,220)
— Loss on early redemption of senior notes	**–**	(307,369)
	(1,628,175)	(1,510,589)
Finance costs — net	**(1,095,305)**	(1,289,510)

35 Income tax expenses

	2016 RMB'000	2015 RMB'000
Current income tax		
— Corporate income tax	**7,713,554**	4,482,128
— Land appreciation tax (note (d))	**3,114,986**	1,111,139
	10,828,540	5,593,267
Deferred income tax (note 30)		
— Corporate income tax	**(3,141,819)**	(571,794)
— Withholding income tax on profit to be distributed in future (note (e))	**40,628**	99,955
	(3,101,191)	(471,839)
	7,727,349	5,121,428

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group companies as follows:

	2016 RMB'000	2015 RMB'000
Profit before income tax	**21,390,572**	14,833,109
Tax calculated at PRC corporate income tax rate of 25% (2015: 25%)	**5,347,643**	3,708,277
Different tax rates available to different subsidiaries of the Group	**60,827**	–
Land appreciation tax deductible for calculation of income tax purpose	**(778,747)**	(277,785)
Utilisation of tax losses not recognised as deferred income tax assets	**(2,229)**	(2,613)
Effects of share of post-tax results of joint ventures and associates	**(90,426)**	13,940
Income not subject to tax	**(358,605)**	(4,472)
Expenses not deductible for tax	**393,272**	472,987
	4,571,735	3,910,334
Withholding income tax on profit to be distributed in future (note (e))	**40,628**	99,955
Land appreciation tax (note (d))	**3,114,986**	1,111,139
Income tax expenses	**7,727,349**	5,121,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Income tax expenses *(Continued)*

Note:

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2015:16.5%) on the estimated assessable profits of the Group's subsidiaries in Hong Kong.

(b) PRC corporate income tax has been provided at corporate income tax rate of 25%.

(c) Malaysia profits tax has been provided at the rate of 24% (2015: 25%) of the estimated assessable profit for the year.

(d) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

(e) Withholding income tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. The relevant overseas holding companies have successfully obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the dividends to be distributed by the PRC subsidiaries of the Group.

36 Dividends

	2016 **RMB'000**	2015 RMB'000
Interim dividend of RMB6.92 cents (2015: RMB6.48 cents) per share	**1,556,610**	1,463,704
Proposed final dividend of RMB10.20 cents (2015: RMB6.47 cents) per share	**2,177,317**	1,448,430

On 18 August 2016, the Board of Directors declared the payment of a 2016 interim dividend of RMB6.92 cents per share, totalling RMB1,556,610,000 which was paid in cash in November 2016 (2015 interim dividend: RMB1,463,704,000).

The final dividend in respect of 2015 of RMB6.47 cents (equivalent to HKD7.68 cents) per share, totalling RMB1,448,430,000, has been approved in the Annual General Meeting on 24 May 2016 and paid in cash in July 2016.

The Board of Directors recommended the payment of a 2016 final dividend of RMB10.20 cents per share, totalling RMB2,177,317,000, which has taken into account the effect of the buy-back of the Company's shares subsequent to 31 December 2016 and up to the date of these financial statements. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

37 Cash generated from/(used in) operations

	2016 RMB'000	2015 RMB'000
Profit for the year	**13,663,223**	9,711,681
Adjustments for:		
Income tax expenses (note 35)	**7,727,349**	5,121,428
Interest income (note 34)	**(532,870)**	(221,079)
Interest expense (note 34)	**143,039**	–
Loss on early redemption of senior notes (note 34)	**–**	307,369
Net foreign exchange losses (note 34)	**1,485,136**	1,203,220
Depreciation (note 7)	**697,462**	596,576
Amortisation of land use rights (note 10)	**60,731**	57,149
Amortisation of intangible assets (note 9)	**19,063**	10,568
(Gains)/losses on disposals of property, plant and equipment (note 31)	**(18,722)**	1,347
Provision for impairment of trade and other receivables	**88,371**	–
Share of (profits)/losses of joint ventures and associates (note 12)	**(361,704)**	55,758
Gains arising from changes in fair value of and transfer to investment properties (note 8)	**(711,604)**	(809,812)
Share-based compensation expense (note 33)	**82,834**	30,111
Dividend income from available-for-sale financial assets	**–**	(9,560)
Gains arising from negative goodwill (note 43)	**(1,257,658)**	(118,315)
Changes in fair value of derivative financial instruments (notes 31)	**(149,827)**	(7,845)
Gains on disposals of subsidiaries (note 31)	**(36,980)**	(1,547)
Gains on disposal of investment properties	**–**	(13,156)
	20,897,843	15,913,893
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries and currency exchange differences on consolidation):		
Property under development and completed properties held for sale	**(43,515,665)**	(38,278,986)
Inventories	**(225,290)**	116,706
Restricted cash	**(206,862)**	(3,183,636)
Trade and other receivables	**(71,902,317)**	(14,796,926)
Prepaid taxes	**(521,689)**	(272,767)
Trade and other payables	**64,482,987**	30,837,529
Advanced proceeds received from customers	**88,294,136**	3,175,599
Cash generated from/(used in) operations	**57,303,143**	(6,488,588)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 Cash generated from/(used in) operations *(Continued)*

In the consolidated cash flow statement, proceeds from disposals of property, plant and equipment and investment properties comprise:

	2016 **RMB'000**	2015 RMB'000
Property, plant and equipment		
Net book amount (note 7)	**213,643**	256,794
Gains/(losses) on disposals (note 31)	**18,722**	(1,347)
Proceeds	**232,365**	255,447
Investment properties		
Net book amount (note 8)	**–**	143,245
Gains on disposals	**–**	13,156
Proceeds	**–**	156,401

38 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares (note 26).

	2016	2015
Profit attributable to owners of the Company (RMB'000)	**11,516,815**	9,276,485
Weighted average number of ordinary shares in issue (thousands)	**22,075,611**	21,806,325
Earnings per share — Basic (RMB cents per share)	**52.17**	42.54

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had two categories of dilutive potential ordinary shares: share options and the Awarded Shares. For the share options and Awarded Shares, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and Awarded Shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and Awarded Shares.

38 Earnings per share *(Continued)*

(b) Diluted *(Continued)*

	2016	2015
Profit attributable to owners of the Company (RMB'000)	**11,516,815**	9,276,485
Weighted average number of ordinary shares in issue (thousands)	**22,075,611**	21,806,325
Adjustments — share options and Awarded Shares (thousands)	**16,560**	7,471
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**22,092,171**	21,813,796
Earnings per share — Diluted (RMB cents per share)	**52.13**	42.53

39 Guarantees

	2016 RMB'000	2015 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (note (a))	**127,502,653**	60,636,156
Guarantees to joint ventures and associates in respect of borrowings (note (b))	**18,617,370**	1,781,900
	146,120,023	62,418,056

Note:

(a) These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. As at 31 December 2016, there was no guarantee (2015: RMB50,841,000) to be discharged two years from the day the mortgaged loans become due; and RMB127,502,653,000 (2015: RMB60,585,315,000) was to be discharged upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty (note 5(d)) and therefore no provision has been made in the financial statements for the guarantees.

(b) These represented the maximum exposure of the guarantees provided for the borrowings of certain joint ventures and associates (note 44(a)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 Commitments

(a) Commitments for capital and property development expenditures

	2016 RMB'000	2015 RMB'000
Contracted but not provided for:		
Property, plant and equipment	**17,178**	45,753
Property development expenditure (including land premium)	**94,916,269**	84,779,569
	94,933,447	84,825,322

(b) Operating lease commitments

The lease terms are between 1 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease payments under non-cancellable operating leases in respect of buildings are as follows:

	2016 RMB'000	2015 RMB'000
Not later than one year	**56,445**	41,080
Later than one year and not later than five years	**76,198**	30,884
Later than five years	**23,991**	6,125
	156,634	78,089

(c) Operating lease rentals receivable

The lease terms are between 1 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of buildings are as follows:

	2016 RMB'000	2015 RMB'000
Not later than one year	**131,731**	93,308
Later than one year and not later than five years	**460,477**	437,225
Later than five years	**588,544**	586,023
	1,180,752	1,116,556

41 Transactions with non-controlling interests

(a) Acquisition of additional interests in subsidiaries

In 2016, the Group acquired additional equity interests of certain subsidiaries from the relevant non-controlling interests for a total cash consideration of RMB244,671,000.

The following table summarises the carrying amount of non-controlling interests acquired, considerations paid to non-controlling interests and excess of consideration paid recognised within equity of these subsidiaries at the acquisition dates.

	2016 RMB'000
Total carrying amount of non-controlling interests acquired	**196,261**
Total consideration paid to non-controlling interests	**(244,671)**
Total difference recognised within equity	**(48,410)**

(b) Disposal of interests in subsidiaries without loss of control

During the year, the Group disposed of certain equity interests of certain subsidiaries for a total cash consideration of RMB52,000,000. The carrying amount of the non-controlling interests in the subsidiaries on the date of disposal was RMB52,000,000. The Group recognised an increase in non-controlling interests of RMB52,000,000. As at 31 December 2016, RMB12,000,000 of the above consideration has been received, the remaining portion will be received in 2017.

(c) The aggregate effects of the above transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2016:

	RMB'000
Changes in equity attributable to owners of the Company arising from:	
— Acquisition of additional interests in subsidiaries	**(48,410)**
— Disposal of interests in subsidiaries without loss of control	**–**
Net effect for transactions with non-controlling interests on equity attributable to owners of the Company	**(48,410)**

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42 Disposal of subsidiaries

During the year, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposals are as follows:

	RMB'000
Disposal consideration	
— Cash received	**7,000**
— Outstanding and included in other receivables	**37,525**
— Fair value of investments in joint ventures and associates held after disposal of certain subsidiaries	**59,144**
	103,669
Total net assets of subsidiaries disposed of	**78,342**
Non-controlling interest disposed of	**(11,653)**
	66,689
Gains on disposal	**36,980**
Cash proceeds from disposal, net of cash disposed of	
— Cash consideration received	**7,000**
— Less: cash and cash equivalents in the subsidiaries disposed of	**(602,296)**
— Net cash outflow on disposal	**(595,296)**

43 Business combination

Business combination during the year mainly included the acquisitions of a number of property development companies and acquisition of additional interest in joint ventures and associates. The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

The acquired companies' principal activities are property development and management and construction in the PRC. The financial information of these acquired companies on the acquisition date is listed as follows:

43 Business combination *(Continued)*

(a) Business combination with negative goodwill

	RMB'000
Purchase consideration	
— Cash paid	**5,661,476**
— Cash consideration outstanding and included in other payables	**267,921**
— Fair value of investment in joint ventures and associates held before business combination	**2,024,527**
	7,953,924
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	**2,806,035**
Property, plant and equipment	**76,948**
Properties under development and completed properties held for sale	**30,126,430**
Trade and other receivables	**7,212,031**
Deferred tax assets	**67,105**
Bank and other borrowings	**(3,636,279)**
Trade and other payables	**(12,540,108)**
Advanced proceeds received from customers	**(8,346,753)**
Current income tax liabilities	**(1,465,599)**
Deferred tax liabilities	**(2,199,622)**
Total identifiable net assets	**12,100,188**
Non-controlling interests	**(2,888,606)**
Negative goodwill	**(1,257,658)**
	7,953,924
Outflow of cash to acquire business, net of cash acquired	
— cash considerations	**5,661,476**
— cash and cash equivalents in the subsidiaries acquired	**(2,806,035)**
Cash outflow on acquisitions	**2,855,441**

Gains arising from negative goodwill was mainly due to the fact that the sellers had the intention to exit from their investments in these acquired businesses due to various operational reasons or other shareholders intended to cooperate with a leading property developer in the PRC to resolve liquidity issues or bring in industry expertise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 Business combination *(Continued)*

(b) Business combination with goodwill

	RMB'000
Purchase consideration	
— Cash	**267,687**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	**666**
Property, plant and equipment	**80**
Properties under development and completed properties held for sale	**174,398**
Trade and other receivables	**4,744**
Trade and other payables	**(1,283)**
Current income tax liabilities	**(8)**
Deferred tax liabilities	**(38,037)**
Total identifiable net assets	**140,560**
Goodwill	**127,127**
	267,687
Outflow of cash to acquire business, net of cash acquired	
— cash considerations	**267,687**
— cash and cash equivalents in the subsidiaries acquired	**(666)**
Cash outflow on acquisitions	**267,021**

The goodwill of RMB127,127,000 arose from the acquisition of 100% share interest in Baodi (Xiamen) Logistic Co., Ltd ("Baodi"), which is mainly attributable to economies of scales expected from combining the operations of the Group and Baodi.

(c) The acquired businesses contributed total revenues of RMB5,113,251,000 and net loss of RMB216,316,000 to the Group for the period from their respective acquisition dates to 31 December 2016. Has these companies been consolidated from 1 January 2016, the consolidated statement of comprehensive income would show pro-forma revenue of RMB159,729,831,000 and profit for the year of RMB13,070,842,000.

44 Related party transactions

The Company is ultimately controlled by Ms. Yang Huiyan (the "Ultimate Controlling Shareholder").

Apart from those related party transactions disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties.

(a) Transactions with related parties

	2016 RMB'000	2015 RMB'000
(i) Controlled by the Ultimate Controlling Shareholder		
Purchase of design service	**1,055,012**	915,751
Other transactions	**9,063**	4,323
	1,064,075	920,074
(ii) Controlled by certain directors of the Company		
Construction and decoration service income	**124,791**	85,617
Other transactions	**5,059**	5,210
	129,850	90,827
(iii) Associates		
Providing guarantee in respect of borrowings	**6,804,250**	1,781,900
Construction and decoration service income	**703,919**	93,425
Other transactions	**26,080**	–
	7,534,249	1,875,325
(iv) Joint ventures		
Providing guarantee in respect of borrowings	**11,813,120**	–
Construction and decoration service income	**507,670**	103,900
Other transactions	**50,853**	–
	12,371,643	103,900

The prices for the above design service fees, construction and decoration service fees, and other transactions were determined in accordance with the terms of the underlying agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Related party transactions *(Continued)*

(b) Key management compensation

Key management includes directors, chief executive officer and other senior executives.

	2016 **RMB'000**	2015 RMB'000
Salaries, share-based compensation expenses and other employee benefits	**66,471**	69,181
Bonuses	**34,870**	22,161
Retirement scheme contributions	**749**	692
Other benefits	**5,851**	4,910
	107,941	96,944

(c) Balances with related parties

Saved as disclosed in other notes above, the Group had the following significant balances with its related parties:

(i) Controlled by the Ultimate Controlling Shareholder

	31 December **2016** **RMB'000**	31 December 2015 RMB'000
Trade receivables	**17,705**	–
Amounts due from customers of contract work	**19,568**	–
Other receivables	**56,144**	296,408
Prepayments	**48,497**	–
Trade and other payables	**271,479**	2,022,613

(ii) Controlled by certain directors of the Company

Trade receivables	**200,310**	–
Amounts due from customers of contract work	**50,251**	225,513
Other receivables	**15,934**	964,104
Trade and other payables	**76,427**	27,224

44 Related party transactions *(Continued)*

(c) Balances with related parties *(Continued)*

(iii) Associates

	31 December 2016 RMB'000	31 December 2015 RMB'000
Trade receivables	**258,559**	–
Amounts due from customers of contract work	**158,544**	72,570
Other receivables	**8,928,396**	2,923,452
Prepayments	**381**	–
Trade and other payables	**12,910,341**	220,076

(iv) Joint ventures

	31 December 2016 RMB'000	31 December 2015 RMB'000
Trade receivables	**188,169**	–
Amounts due from customers of contract work	**169,608**	45,130
Other receivables	**8,568,473**	413,693
Trade and other payables	**14,262,739**	225,054
Entrusted loans	**–**	775,971

The above balances due from/to related parties are unsecured, interest-free and to be settled according to the contract terms.

45 Subsequent events

From 1 January 2017 and up to the date of these financial statements, the Company has bought back 148,126,000 shares of the Company from the market for a total consideration of RMB558,754,000 and cancelled 252,902,000 shares of the Company, of which 104,776,000 shares were bought back in 2016 and 148,126,000 shares were bought back in 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 Statement of financial position and reserve movement of the Company

	Note	As at 31 December 2016 RMB'000	2015 RMB'000
Non-current assets			
Investments in subsidiaries		**38,798,506**	36,553,247
Derivative financial instruments		**1,034,387**	–
Financial assets at fair value through other comprehensive income		**305,514**	–
		40,138,407	36,553,247
Current assets			
Amounts due from subsidiaries		**60,805,009**	29,104,296
Other receivables		**393,235**	393,151
Cash and cash equivalents		**2,220,930**	441,122
Derivative financial instruments		**187,145**	–
		63,606,319	29,938,569
Current liabilities			
Amounts due to subsidiaries		**12,671,372**	1,936,983
Other payables		**344,997**	344,997
Bank and other borrowings		**3,510,577**	883,964
Derivative financial instruments		**41,762**	–
		16,568,708	3,165,944
Net current assets		**47,037,611**	26,772,625
Total assets less current liabilities		**87,176,018**	63,325,872

46 Statement of financial position and reserve movement of the Company *(Continued)*

	Note	As at 31 December **2016** **RMB'000**	2015 RMB'000
Non-current liabilities			
Senior notes		**29,264,448**	20,878,179
Bank and other borrowings		**8,944,606**	10,007,668
Corporate bonds		**20,402,799**	985,449
		58,611,853	31,871,296
Equity			
Share capital and premium		**26,126,813**	29,619,181
Other reserves	(a)	**(46,808)**	86,446
Retained earnings	(a)	**2,484,160**	1,748,949
Total equity		**28,564,165**	31,454,576
Total equity and non-current liabilities		**87,176,018**	63,325,872

The statement of financial position of the Company was approved by the Board of Directors on 22 March 2017 and were signed on its behalf.

MO Bin
Director

YANG Ziying
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46 Statement of financial position and reserve movement of the Company *(Continued)*

Note (a) Reserve movement of the Company

	Other reserves RMB'000	**Retained earnings** RMB'000	**Total** RMB'000
At 1 January 2015	56,335	3,446,412	3,502,747
Profit for the year	–	3,076,112	3,076,112
Dividends	–	(4,773,575)	(4,773,575)
Employee share schemes — value of employee services	30,111	–	30,111
At 31 December 2015	86,446	1,748,949	1,835,395
At 1 January 2016	**86,446**	**1,748,949**	**1,835,395**
Profit for the year	**–**	**3,740,251**	**3,740,251**
Deferred gains on cash flow hedges, net of tax	**89,982**	**–**	**89,982**
Deferred costs of hedging, net of tax	**(295,901)**	**–**	**(295,901)**
Dividends	**–**	**(3,005,040)**	**(3,005,040)**
Employee share schemes value of employee services	**44,629**	**–**	**44,629**
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	**28,036**	**–**	**28,036**
At 31 December 2016	**(46,808)**	**2,484,160**	**2,437,352**

47 Particulars of principal subsidiaries

The following is a list of principal subsidiaries at 31 December 2016, all of these are limited liability companies:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Directly held by the Company:					
Incorporated in the BVI and operates in the PRC:					
Smart World Development Holdings Ltd.	28 March 2006	USD 300	100%	–	Investment holding
Indirectly held by the Company:					
Incorporated in Hong Kong and operates in Hong Kong:					
Country Garden (Hong Kong) Development Company Limited	21 September 2005	HKD1	100%	–	Investment holding
Incorporated in the BVI and operate in Hong Kong:					
Estonia Development Ltd.	21 March 2006	USD 200	100%	–	Investment holding and rendering of property related sales services
Angel View International Limited	7 April 2006	USD 200	100%	–	Investment holding and rendering of property related sales services
Incorporated in the BVI and operate in the PRC:					
Falcon Investments Development Ltd.	21 March 2006	USD 300	100%	–	Investment holding
United Gain Group Ltd.	28 March 2006	USD 200	100%	–	Investment holding
Wise Fame Group Ltd.	28 March 2006	USD 300	100%	–	Investment holding
Boavista Investments Limited	7 April 2006	USD 200	100%	–	Investment holding
Impreza Group Limited	7 April 2006	USD 300	100%	–	Investment holding
Infiniti Holdings Development Limited	7 April 2006	USD 300	100%	–	Investment holding
Bright Start Group Limited	19 July 2011	USD 1	100%	–	Investment holding
Pure Smart Enterprises Limited	19 July 2011	USD 1	100%	–	Investment holding
Top Favor Holding Limited	19 July 2011	USD 1	100%	–	Investment holding
Golden Favor Investments Limited	19 July 2011	USD 1	100%	–	Investment holding
Power Great Enterprise Limited	10 December 2007	USD 1	100%	–	Investment holding
Great Favor Investments Limited	16 July 2013	USD 1	100%	–	Investment holding
Silver Dawn Holding Limited	23 January 2014	USD 1	100%	–	Investment holding
Tin Spring Limited	15 June 2015	USD 1	100%	–	Investment holding
Scenic Reserve Limited	2 October 2015	USD 1	100%	–	Investment holding

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47 Particulars of principal subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Established and operate in the PRC:					
Guangdong Yaokang Investment Co., Ltd. 廣東耀康投資有限公司	20 April 2015	RMB1,200,000,000	100%	–	Investment
Liyang Country Garden Trade And Business Co., Ltd. 溧陽碧桂園商貿有限公司(i)	19 October 2016	USD82,330,000	100%	–	Sale of hardware electrical
Guangdong Giant Leap Construction Co., Ltd. 廣東騰越建築工程有限公司	25 March 1997	RMB4,900,000,000	100%	–	Construction
Sanming Country Garden Property Development Co., Ltd. 三明市碧桂園房地產開發有限公司	26 August 2013	RMB100,000,000	100%	–	Property development
Shanghai Xinbi Garden Property Development Co., Ltd. 上海新碧房地產開發有限公司	26 August 2015	RMB20,000,000	100%	–	Property development
Dongguan Country Garden Property Development Co., Ltd. 東莞市碧桂園房地產開發有限公司	25 September 2009	RMB666,660,000	90%	10%	Property development
zhangjiagang Xinbi Garden Property Development Co., Ltd. 張家港新碧房地產開發有限公司	29 December 2015	RMB20,000,000	60%	40%	Property development
Foshan Chancheng Country Garden Property Development Co., Ltd. 佛山市禪城區碧桂園房地產開發有限公司	13 November 2009	RMB1,000,000,000	90%	10%	Property development
Foshan Shunde Daliang Country Garden Property Development Co., Ltd. 佛山市順德區大良碧桂園房地產開發有限公司	11 April 2014	USD40,000,000	100%	–	Property development
Foshan Shunde zhouhua Country Garden Property Development Co., Ltd. 佛山市順德區宙華投資諮詢有限公司	12 November 2012	RMB13,241,966,520	100%	–	Investment consulting
Foshan Shunde Country Garden Property Co., Ltd. 佛山市順德區碧桂園地產有限公司	20 April 2015	RMB13,292,986,520	100%	–	Property development

47 Particulars of principal subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Foshan Shunde Country Garden Property Development Co., Ltd. 佛山市順德區碧桂園物業發展有限公司	2 April 1997	RMB1,387,500,000	100%	–	Property development
Foshan Gaoming Country Garden Property Development Co., Ltd. 佛山市高明區碧桂園房地產開發有限公司	13 January 2004	RMB1,162,500,000	100%	–	Property development
Foshan Yuankang Property Development Co., Ltd. 佛山源康房地產發展有限公司(i)	29 February 2008	RMB1,310,000,000	100%	–	Property development
Jurong Country Garden Property Development Co., Ltd. 句容碧桂園房地產開發有限公司	12 August 2010	USD564,500,000	100%	–	Property development
Qidong Zhongbang Property Development Co., Ltd. 啟東中邦房地產開發有限公司(i)	26 October 2006	RMB300,000,000	84%	16%	Property development
Zengcheng Country Garden Property Development Co., Ltd. 增城市碧桂園物業發展有限公司	22 September 2000	RMB1,448,200,000	100%	–	Property development
Tianjin Haichang Property Development Co., Ltd. 天津海昌房地產開發有限公司(i)	24 September 2007	RMB204,955,460	51%	49%	Property development
Taicang Loucheng Country Garden Property Development Co., Ltd. 太倉婁城碧桂園房地產開發有限公司(i)	30 June 2016	RMB300,000,000	100%	–	Property development
Taicang Country Garden Property Development Co., Ltd.* 太倉碧桂園房地產開發有限公司	5 May 2013	RMB700,000,000	43%	57%	Property development
Anqing Country Garden Property Development Co., Ltd. 安慶碧桂園房地產開發有限公司	27 September 2007	RMB740,000,000	100%	–	Property development
Anhui Hexian Country Garden Property Development Co., Ltd. 安徽和縣碧桂園房地產開發有限公司	15 May 2007	RMB750,000,000	100%	–	Property development

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47 Particulars of principal subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Chaohu Country Garden Property Development Co., Ltd. 巢湖市碧桂園房地產開發有限公司	18 December 2006	RMB1,115,200,000	100%	–	Property development
Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. 廣州南沙經濟技術開發區碧桂園物業發展有限公司	2 August 2001	USD253,800,000	100%	–	Property development
Guangzhou Fengbi Country Garden Property Development Co., Ltd. 廣州市鳳碧房地產開發有限公司	29 May 2015	RMB1,000,000	95%	5%	Property development
Guangzhou Binan Country Garden Property Development Co., Ltd. 廣州市碧南房地產開發有限公司	7 August 2015	RMB50,000,000	95%	5%	Property development
Guangzhou Bihao Country Garden Property Development Co., Ltd. 廣州市碧豪房地產開發有限公司	16 December 2015	RMB1,430,000	70%	30%	Property development
Guangzhou Country Garden Property Development Co., Ltd. 廣州碧桂園物業發展有限公司	30 July 1998	RMB506,000,000	100%	–	Property development
Hangzhou Country Garden Jiutai Real Easte Co., Ltd. 杭州碧桂園久泰置業有限公司	14 September 2015	RMB300,000,000	100%	–	Property development
Hangzhou Country Garden Property Development Co., Ltd. 杭州碧桂園房地產開發有限公司	1 April 2011	USD136,000,000	100%	–	Property development
Wuhan Eco-city Country Garden Investment Co., Ltd. 武漢生態城碧桂園投資有限公司	4 December 2009	RMB500,000,000	55%	45%	Property development
Shanwei Country Garden Property Development Co., Ltd. 汕尾市碧桂園房地產開發有限公司	12 June 2007	RMB100,000,000	100%	–	Property development

47 Particulars of principal subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Jiangmen East Coast Country Garden Property Development Co., Ltd. 江門市東岸房地產發展有限公司	13 August 2003	RMB650,000,000	100%	–	Property development
Jiangmen Wuyi Country Garden Property Development Co., Ltd. 江門市五邑碧桂園房地產開發有限公司	28 September 2003	RMB863,000,000	100%	–	Property development
Jiangyin Jingyu Property Development Co., Ltd. 江陰景裕房地產開發有限公司(i)	12 April 2013	RMB2,300,000,000	90%	10%	Property development
Shenyang Country Garden Property Development Co., Ltd. 瀋陽市碧桂園房地產開發有限公司	11 January 2007	RMB1,350,000,000	100%	–	Property development
Shenyang Shenbeixincheng Yidong Real Easte Co., Ltd. 瀋陽瀋北新城伊東置業有限公司	18 May 2007	RMB750,000,000	100%	–	Property development
Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd. 瀋陽渾南新城碧桂園房地產開發有限公司	25 April 2007	RMB1,540,000,000	100%	–	Property development
Shenyang Suigang Baiyun Country Garden Property Development Co., Ltd. 瀋陽穗港白雲房地產投資開發有限公司	15 October 2002	RMB689,801,628	100%	–	Property development
Hainan Baolian City (Bo'ao) Real Estate Co., Ltd.* 海南寶蓮城(博鰲)實業有限公司	26 May 2003	RMB61,224,500	43%	57%	Property development
Hainan Lingshui Country Garden Runda Property & Investment Co., Ltd.* 海南陵水碧桂園潤達投資置業有限公司	11 April 2014	RMB200,000,000	49%	51%	Property development
Shenzhen Country Garden Property Investment Co., Ltd. 深圳市碧桂園房地產投資有限公司	25 August 2015	RMB731,000,000	100%	–	Property development
Hubei Country Garden Property Development Co., Ltd. 湖北省碧桂園房地產開發有限公司	13 August 2015	RMB1,000,000,000	100%	–	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

47 Particulars of principal subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Hubei Lianzhi Country Garden Zishanhu Property Development Co., Ltd. 湖北聯置碧桂園梓山湖房地產開發有限公司	29 December 2011	RMB500,000,000	51%	49%	Property development
Hunan Dongchenzhidi Real Estate Development Co., Ltd.* 湖南東宸智地房產開發有限公司(i)	18 May 2009	RMB466,040,000	41%	59%	Property development
Liyang Xinbi Property Development Co., Ltd. 溧陽新碧房地產開發有限公司(i)	10 August 2016	RMB560,000,000	100%	–	Property development
Wuhu Jinzhi Country Garden Property Development Co., Ltd. 蕪湖晉智房地產開發有限公司	5 November 2007	RMB800,000,000	100%	–	Property development
Maoming Shuidongwan Country Garden Property Development Co., Ltd. 茂名市水東灣碧桂園房地產開發有限公司	20 January 2010	RMB200,000,000	100%	–	Property development
Tongliao Country Garden Property Development Co., Ltd. 通遼碧桂園房地產開發有限公司	15 October 2007	RMB500,000,000	100%	–	Property development
Zhengzhou Country Garden Xintian Real Easte Co., Ltd.* 鄭州碧桂園新田置業有限公司(i)	3 February 2016	RMB550,204,082	43%	57%	Property development
Yangxi Biyue Property Development Co., Ltd. 陽西碧月房地產開發有限公司(i)	19 September 2016	RMB600,000,000	60%	40%	Property development
Suizhou Country Garden Property Development Co., Ltd. 隨州碧桂園房地產開發有限公司	31 August 2007	RMB580,000,000	100%	–	Property development
Shaoguan Country Garden Property Development Co., Ltd. 韶關市碧桂園房地產開發有限公司	5 June 2007	RMB750,000,000	100%	–	Property development
Shaoguan Shunhong Property Development Co., Ltd. 韶關市順宏房地產開發有限公司	12 July 2006	RMB747,800,000	100%	–	Property development

47 Particulars of principal subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Heshan Country Garden Property Development Co., Ltd. 鶴山市碧桂園物業發展有限公司	22 June 2006	RMB963,000,000	100%	–	Property development
Taizhou Country Garden Property Development Co., Ltd. 泰州市碧桂園房地產開發有限公司	5 January 2007	RMB548,300,000	100%	–	Property development
Zengcheng Country Garden Phoenix City Hotel Co., Ltd. 增城市碧桂園鳳凰城酒店有限公司	13 January 2004	RMB500,700,000	100%	–	Hotel operation
Established and operate in the Malaysia:					
Vibrant Corridor Sdn. Bhd.	6 November 2012	RM2,500,000	55%	45%	Property development
Mayland Venue Sdn. Bhd.	23 November 2012	RM2,500,000	55%	45%	Property development
Country Garden Landscape S/B	25 November 2013	RM1,000,000	100%	–	Property development
Giant Leap Construction Sdn. Bhd.	6 March 2014	RM2,500,000	100%	–	Property construction
Teng Yue Overseas Construction Sdn. Bhd	21 May 2014	RM2,500,000	100%	–	Property construction
Giant Light M&E Engineering Sdn. Bhd.	12 May 2014	RM1,000,000	100%	–	Property construction
Transcend Commercial Management Sdn. Bhd	20 October 2015	RM2	100%	–	Lease and property management
Country Garden Pacificview Sdn. Bhd.	15 April 2013	RM900	60%	40%	Property development
Country Garden Properties (Malaysia) Sdn. Bhd.	22 February 2012	RM400,000	55%	45%	Property development
Country Garden Real Estate Sdn. Bhd.	16 December 2013	RM500,000	100%	–	Property development

(i) These subsidiaries are newly established or acquired by the Group during the year.

* As the Group has the rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority vote position of the board of directors of these companies and the right to determine the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names haven been registered or available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48 Benefits and interests of directors

(a) Directors' emoluments

The remuneration of every director and chief executive is set out below:

For the year ended 31 December 2016:

Name of director	Fees RMB'000	Salary (Note (i)) RMB'000	Discretionary bonuses RMB'000	Other benefits and share-based compensation expenses RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Total RMB'000
Chairman						
Mr. YEUNG Kwok Keung	–	10,000	–	–	–	10,000
Executive directors						
Ms. YANG Huiyan	–	6,000	–	–	41	6,041
Mr. MO Bin*	–	6,000	–	–	58	6,058
Mr. ZHU Rongbin	–	5,500	10	–	42	5,552
Mr. WU Jianbin	–	5,000	316	–	267	5,583
Ms. YANG Ziying	–	4,000	16	–	41	4,057
Mr. SU Rubo	–	4,000	203	190	30	4,423
Mr. OU Xueming	–	4,000	–	729	30	4,759
Mr. YANG Zhicheng	–	4,000	14,193	3,186	40	21,419
Mr. XIE Shutai	–	4,000	529	–	75	4,604
Mr. SONG Jun	–	4,000	19,603	1,746	76	25,425
Mr. LIANG Guokun	–	4,000	–	–	38	4,038
Mr. SU Baiyuan	–	4,000	–	–	11	4,011
Non-executive director						
Mr. CHEN Chong (appointed on 8 December 2016)	–	21	–	–	–	21
Independent non-executive directors						
Mr. LAI Ming, Joseph	330	–	–	–	–	330
Mr. SHEK Lai Him, Abraham	330	–	–	–	–	330
Mr. TONG Wui Tung, Ronald	330	–	–	–	–	330
Mr. HUANG Hongyan	240	–	–	–	–	240
Ms. HUANG Xiao	240	–	–	–	–	240
Mr. MEI Wenjue	240	–	–	–	–	240
Mr. YEUNG Kwok On	240	–	–	–	–	240
	1,950	64,521	34,870	5,851	749	107,941

* Chief executive of the Company

Mr. Chen Chong was appointed on 8 December 2016 as non-executive director of the Company.

48 Benefits and interests of directors *(Continued)*

(a) Directors' emoluments *(Continued)*

For the year ended 31 December 2015:

Name of director	Fees	Salary (Note (i))	Discretionary bonuses	Other benefits and share-based compensation expenses	Employer's contribution to retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman						
Mr. YEUNG Kwok Keung	–	10,000	–	–	–	10,000
Executive directors						
Ms. YANG Huiyan	–	6,000	–	–	35	6,035
Mr. MO Bin*	–	6,000	–	–	54	6,054
Mr. ZHU Rongbin	–	5,500	–	–	36	5,536
Mr. WU Jianbin	–	5,000	–	944	251	6,195
Ms. Yang Ziying	–	4,000	–	–	35	4,035
Mr. YANG Erzhu (retired on 19 August 2015)	–	2,505	–	–	21	2,526
Mr. SU Rubo	–	4,000	–	190	28	4,218
Mr. OU Xueming	–	4,000	–	729	28	4,757
Mr. YANG Zhicheng	–	4,000	7,418	2,302	22	13,742
Mr. XIE Shutai	–	4,000	5,799	–	70	9,869
Mr. SONG Jun	–	4,000	8,154	745	69	12,968
Mr. LIANG Guokun	–	4,000	728	–	36	4,764
Mr. SU Baiyuan	–	4,000	62	–	7	4,069
Independent non-executive directors						
Mr. LAI Ming, Joseph	330	–	–	–	–	330
Mr. SHEK Lai Him, Abraham	330	–	–	–	–	330
Mr. TONG Wui Tung, Ronald	330	–	–	–	–	330
Mr. HUANG Hongyan	240	–	–	–	–	240
Ms. HUANG Xiao	240	–	–	–	–	240
Mr. Liu Hongyu (resigned on 9 December 2015)	226	–	–	–	–	226
Mr. MEI Wenjue	240	–	–	–	–	240
Mr. YEUNG Kwok On	240	–	–	–	–	240
	2,176	67,005	22,161	4,910	692	96,944

* Chief executive of the Company

Note (i): Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48 Benefits and interests of directors *(Continued)*

(b) Directors' retirement benefits

During the year ended 31 December 2016, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries (2015: nil).

(c) Directors' termination benefits

During the year ended 31 December 2016, no payments to the directors of the Company as compensation for the early termination of the appointment (2015: nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2016, the Company didn't pay to any third party for making available directors' services (2015: nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2016, there were no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate and connected entities with such directors (2015: nil).

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 44, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2015 nil).

GLOSSARY

"2016 AGM"	the annual general meeting of the Company held on Monday, 16 May 2016
"2017 AGM"	the annual general meeting of the Company to be held on Thursday, 18 May 2017
"Articles of Association"	the articles of association of the Company
"AUD"	Australian dollar, the lawful currency of Australia
"Audit Committee"	the audit committee of the Company
"available cash"	the sum of cash and cash equivalents and the guarantee deposits for construction of pre-sale properties
"Beijiao Construction Co."	Shunde Beijiao Construction Company Limited
"Board"	the board of Directors
"Chairman"	the chairman of the Board
"Chief Financial Officer"	the chief financial officer of the Company
"Chief Strategy Officer"	the chief strategy officer of the Company
"China Construction"	China State Construction Engineering Corporation
"China Construction Fifth Division"	China Construction Fifth Engineering Division Corp., Ltd.
"CIMA"	Chartered Institute of Management Accountants
"Core net profit"	profit attributable to owners of the Company excluding the after-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financing activities, the loss on early redemption of senior notes, changes in fair value of derivative financial instruments
"Company"	Country Garden Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 2007)
"Construction Services Agreement"	the construction services agreements dated 16 December 2014 entered into between Giant Leap and Qingyuan CG which renewed the construction services agreement dated 10 May 2013 entered into between Giant Leap and Qingyuan CG in respect of the provision of construction services by Giant Leap to Qingyuan CG
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"Corporate Governance Committee"	corporate governance committee of the Company
"CPD"	continuous professional development
"Current ratio"	a ratio calculated by dividing current assets by current liabilities
"Design Services Agreement"	the design services supplemental agreement dated 13 December 2013 entered into between Shunde Country Garden and Elite Architectural which further extended the design services agreement dated 27 March 2007 (as amended and supplemented by the design services supplemental agreements dated 20 June 2008, 17 December 2010 and 31 October 2012) entered into between Shunde Country Garden and Elite Architectural in respect of the provision of survey work, property design and interior design services by Elite Architectural to the Group
"Director(s)"	director(s) of the Company
"Eligible Shareholders"	the Shareholders whose name appear on the register of members of the Company on Friday, 26 May 2017

GLOSSARY

"Elite Architectural"	Guangdong Elite Architectural Co., Ltd.
"Employee Incentive Scheme"	the employee incentive scheme of the Group adopted on 20 December 2012
"Executive Committee"	the executive committee of the Company
"Finance Committee"	the finance committee of the Company
"GDV"	gross development value
"GFA"	gross floor area
"Giant Leap"	Guangdong Giant Leap Construction Co., Ltd.
"Group/Country Garden"	the Company and its subsidiaries
"HKD"	Hong Kong dollar, the lawful currency of Hong Kong
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"HKICS"	the Hong Kong Institute of Chartered Secretaries
"Hong Kong/HKSAR"	the Hong Kong Special Administrative Region of the PRC
"LAT"	land appreciation tax
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
"Net current assets"	the value of a company's total current assets after its current liabilities have been subtracted
"Net debt"	the value of a company's total debt net of available cash
"Net gearing ratio"	a financial leverage calculated by dividing net debt over total equity excluding perpetual capital securities
"Nomination Committee"	the nomination committee of the Company
"PRC/China"	the People's Republic of China, except where the context requires, geographical references to the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"President"	president of the Company
"Qingyuan CG"	Qingyuan Country Garden Property Development Co., Ltd.
"R&F"	Guangzhou R&F Properties Co., Ltd.
"Remuneration Committee"	the remuneration committee of the Company
"RM"	Ringgit Malaysia, the lawful currency of Malaysia
"RMB"	Reminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the capital of the Company with a par value of HKD0.10 each
"Share Option Scheme"	the share option scheme of the Company adopted on 20 March 2007
"Shareholder(s)"	shareholder(s) of the Company
"Shunde Country Garden"	Foshan Shunde Country Garden Property Development Co., Ltd.
"Shunde Sanhe Co."	Shunde Sanhe Property Development Co., Ltd.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USD"	US dollar, the lawful currency of the United States of America
"%"	per cent

COUNTRY GARDEN 碧桂園

COUNTRY GARDEN
Holdings Company Limited
碧桂園控股有限公司

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