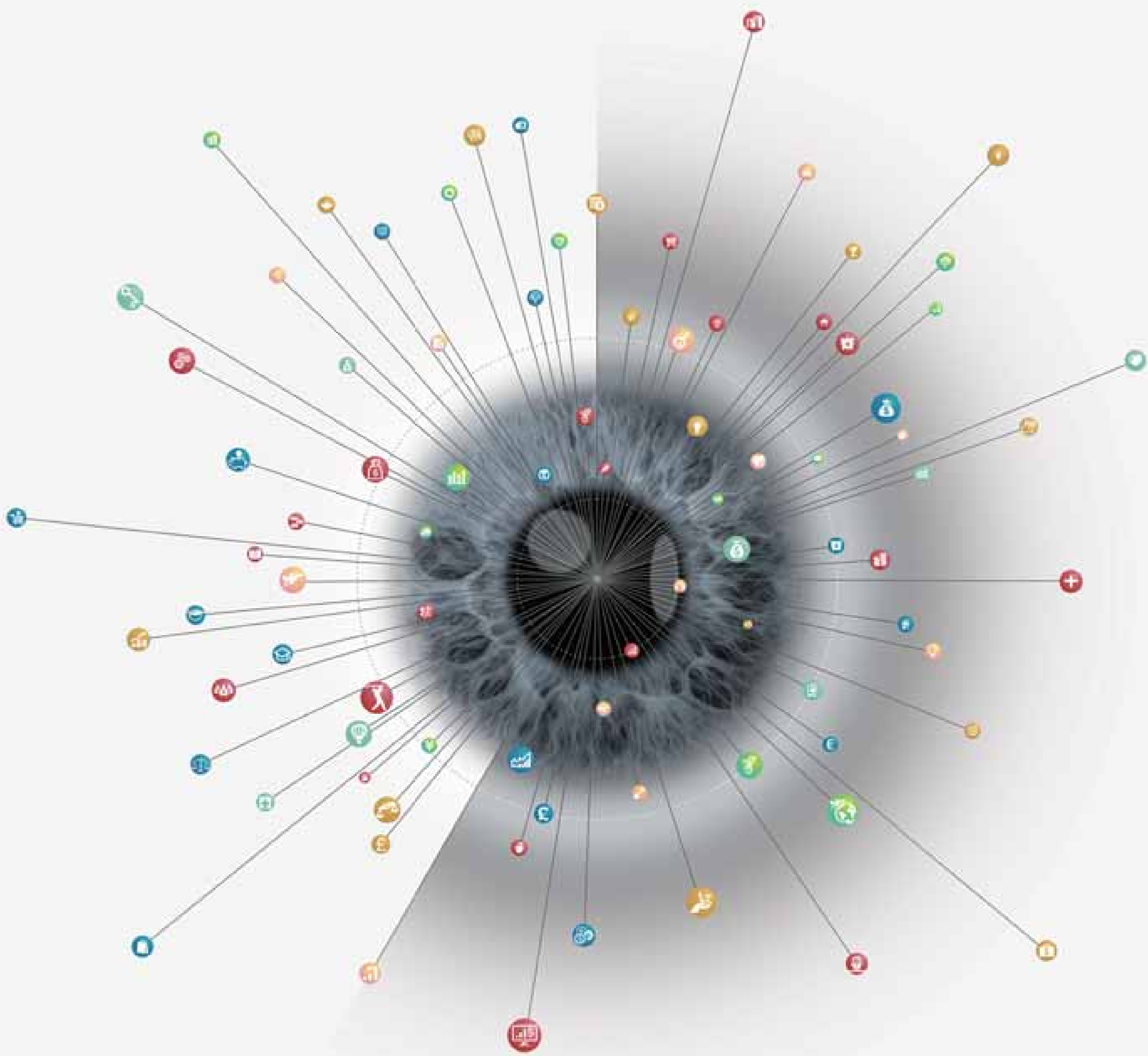
花样年
FANTASIA

16

Annual Report | Stock Code: 01777



花樣年控股集團有限公司
FANTASIA HOLDINGS GROUP CO., LIMITED

Creating Value with Aspirations.

CONTENTS

DIRECTORS

Executive Directors
Mr. Pan Jun (Chairman and Chief Executive Officer)
Ms. Zeng Jie, Baby
Mr. Lam Kam Tong
Mr. Deng Bo

Non-Executive Directors
Mr. Li Dong Sheng
Mr. Yuan Hao Dong

Independent Non-Executive Directors
Mr. Ho Man
Mr. Huang Ming
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

COMPANY SECRETARY

Mr. Lam Kam Tong

AUTHORIZED REPRESENTATIVES

Mr. Pan Jun
Mr. Lam Kam Tong

AUDIT COMMITTEE

Mr. Ho Man (Committee Chairman)
Mr. Huang Ming
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

REMUNERATION COMMITTEE

Mr. Huang Ming (Committee Chairman)
Mr. Ho Man
Mr. Pan Jun
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

NOMINATION COMMITTEE

Mr. Pan Jun (Committee Chairman)
Mr. Ho Man
Mr. Huang Ming
Ms. Zeng Jie, Baby
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank Corporation
China Everbright Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISORS

As to Hong Kong Law
Sidley Austin

As to PRC Law
Commerce & Finance Law Offices

As to Cayman Islands Law
Conyers Dill & Pearman

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

Room 1202–03
New World Tower 1
16–18 Queen's Road Central
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

Block A, Funian Plaza
Shihua Road and Zijing Road
Interchange in Futian Duty-free Zone
Shenzhen 518048
Guangdong Province, China

CAYMAN ISLANDS 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

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

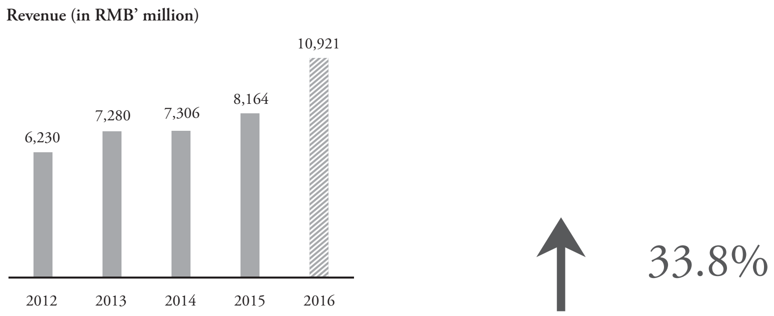
LISTING INFORMATION

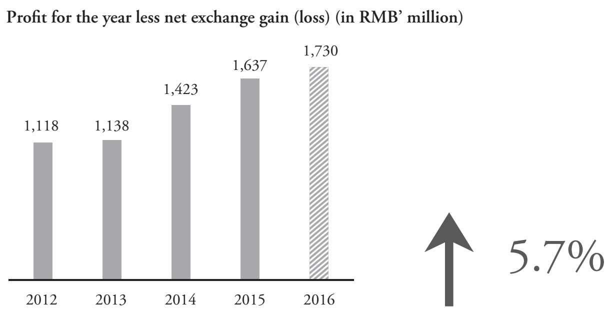
The Company's Share Listing
Ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 1777

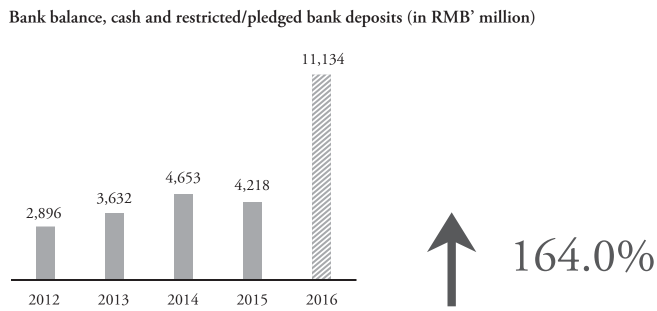
The Company's Senior Notes Listing
USD250 million 13.75%, 5 years senior notes due 2017
USD200 million 11.50%, 3 years senior notes due 2018
CNY1.6 billion 9.50%, 3 years senior notes due 2019
USD300 million 10.625%, 5 years senior notes due 2019
USD250 million 10.75%, 7 years senior notes due 2020
USD500 million 7.375%, 5 years senior notes due 2021
The Singapore Exchange Securities Trading Limited

WEBSITE

http://www.cnfantasia.com







	2012	2013	2014	2015	2016
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Total assets	24,526,597	30,563,466	41,254,080	44,551,288	49,752,263
Gross profit	2,520,272	2,793,559	2,806,812	2,518,743	3,528,482
Profit attributable to owners of the Company	1,139,241	1,215,038	1,255,341	1,210,610	805,736
Basic earnings per share (RMB)	0.22	0.23	0.22	0.21	0.14
Revenue	6,230,050	7,279,828	7,305,950	8,164,297	10,920,638
Total liabilities	17,605,431	22,732,138	29,841,706	32,311,251	36,631,528

◎ In March 2016, Fantasia Group (China) Co., Limited was awarded the honour of the "Top 100 China Real Estate Enterprises for 2016" (2016中國房地產百強企業) at the Research Results Release Conference of Top 100 China Real Estate Enterprises for 2016 cum the 13th session of Top 100 China Real Estate Entrepreneurs Summit jointly host by the Enterprise Research Institute under the Development Research Center of the State Council, Tsinghua University Real Estate Institute and China Index Academy.

◎ In April 2016, Fantasia Town of Wuhan Fantasia was awarded the honour of the "Properties with Good Price Performance for 2016" (2016年度性價比樓盤) by Fang.com.

◎ In April 2016, Fantasia Town of Wuhan Fantasia was awarded the honour of the "Regional Best-selling Properties for 2016" (2016年度區域最熱銷樓盤) by HB.QQ.COM.

◎ In September 2016, Longnian International Centre of Shenzhen Fantasia was awarded the "Bronze Prize for Green Building Design Certification in Shenzhen" (深圳市綠色建築設計認證銅獎) by Shenzhen Housing and Construction Bureau.

◎ In December 2016, Jiatianxia of Shenzhen Fantasia was awarded the "Award of the Best Community with Caring in China" (中國最佳溫度社區獎) at the fifth television award ceremony for the most beautiful residential property held by the City Channel of Shenzhen Media Group.

◎ In December 2016, Shenzhen Longqiwan No.1 was awarded the "Villa for the Year" (年度別墅大獎) at the eighth session of annual conference of China real estate industry in 2016 jointly held by Nanfang Metropolis Daily and Peking University HSBC Business School.

◎ In January 2017, the Guilin branch of Fantasia Real Estate Group was awarded the honour of the "Top 10 Guilin Real Estate Enterprises by Sales of Areas for 2016" (2016年桂林市房地產銷售面積十強) by Guilin Real Estate Industry Association.

◎ In January 2017, the Guilin branch of Fantasia Real Estate Group was awarded the honour of the "Top 10 Guilin Real Estate Enterprises by Sales Turnover for 2016" (2016年桂林市房地產銷售金額十強) by Guilin Real Estate Industry Association.

◎ In January 2017, Fantasia Lakeside Eden was awarded the honour of the "Guilin Property Project with Good Reputation for 2016" (2016年度桂林優質口碑樓盤) by Guifun.com, an official website of Guilin Real Estate Industry Association.

◎ Colour Life Services Group Co., Limited was awarded the honour of the "Best Market Value Management Listed Company" (最佳市值管理上市公司) under the "Golden HK Stocks" of 2016 jointly held by Zhitongcaijing (智通財經) and Tonghuashuncaijing (同花順財經).

◎ Colour Life Services Group Co., Limited was awarded the honour of the "Listed Company with Highest Potential" (最具潛力上市公司) under the "Award of China Financing Listed Companies" 2016 (中國融資上市公司大獎) held by Wonderful Sky Financial Group.

◎ In 2016, Shenzhen Colour Life Services Group Company Limited was awarded the "Gold Award for Innovation in Business Model" (商業模式創新金獎) at the 9th Best Management Practice Award Ceremony (第九屆管理行動獎).

◎ In April 2016, China Real Estate Association and China Property Enterprises Association granted the "Gold Property Award for 2015" (2015年度金牌物業獎) to Shenzhen Colour Life Services Group Company Limited.

◎ In June 2016, Shenzhen Colour Life Property Management Company Limited was selected as "Top 30 Enterprises by Shenzhen Index (sample survey)" (深圳指數(抽樣調查)領先30) in the proprietors' satisfaction survey on the property management services in 2015;

◎ In December 2016, China Index Academy applied the technique of "Ranking evaluation of Chinese property services" (中國物業服務呈級評價) to evaluate to the service standard of property service enterprises on systematic basis based on the sample selection criteria of the price index system of Chinese property services and the project "Pair Life Community" (錦上花家園) managed by Colour Life Services Group Co., Limited was granted the certificate of China five-star property service community for 2016.

◎ In January 2016, Shenzhen Colour Life Property Management Company Limited was awarded the honour of "Outstanding Member with Special Contribution for 2015" (2015年度特殊貢獻優秀會員) by Shenzhen Property Management Association.

◎ In June 2016, Shenzhen Colour Life Services Group Company Limited was awarded the honour of "Shenzhen Top 50 Property Service Enterprises by Comprehensive Strength for 2015" (2015年度深圳市物業服務企業綜合實力五十強).

◎ In June 2016, Colour Life Services Group Co., Limited was granted the certificate of "The World's Largest Community Service Scale in 2015" by China Real Estate Top 10 Research Team.

◎ In 2016, Colour Life Services Group Co., Limited was granted the "Certification of Affirmation of the Research Results of Chinese Property Service Brand Value" (中國物業服務品牌價值研究成果鑒定書) by China Index Academy, with an estimated brand value of RMB2,638,000,000.

◎ In September 2016, Colour Life Services Group Co., Limited was granted the certificate of "Chinese Leading Brand Enterprise in Property Services Marketing Operation for 2016" (2016中國物業服務市場化運營領先品牌企業) by China Real Estate Top 10 Research Team.

HONOURS AND AWARDS

◎ In September 2016, Shenzhen Home E&E Commercial Services Group Co., Ltd. was awarded the honour of "Excellent Enterprise in the Guangdong Property Management Industry" (廣東省物業管理行業先進企業) by Guangdong Property Management Industry Institute.

◎ In November 2016, Shenzhen Home E&E Commercial Services Group Co., Ltd. participated in the first China property management industry expo and was awarded the "Outstanding Organization Award" (優秀組織獎).

◎ In June 2016, CFC project of Shenzhen Fantasia International Property Management Co., Ltd. was accredited as an outstanding property management project of Shenzhen in 2016.

◎ In January 2016, Ankangnian Retirement Life Service Centre in Qingyang District, Chengdu City, a sector of community retirement life service under Fantasia, was awarded the third prize in the social maker competition under the theme of "Leveraging on the creativeness and wisdom of Qingyang to contribute to the community" (創智青羊、助力社區), which was the first district-level public welfare venture investment competition that Ankangnian participated and won a prize.

◎ In January 2017, Shenzhen Qianhai Linlile Technology Services Co., Ltd. was awarded the honour of the "Nomination Award of the Best Employer" under the selection activities of China Best Employer for 2016 jointly initiated by Institute of Social Science Survey, Peking University and Zhaopin.com.

◎ In November 2016, Shenzhen Huawannian Business Management Company Limited (深圳花萬年商業管理有限公司) under Fantasia was awarded the honour of the "China Top 100 Commercial Properties for 2016" at the annual conference held by Guangdian (www.guandian.cn) in Hongkong.

◎ In January 2016, Golden Leaders' Federation of International Hotels awarded "the Golden Lion award of the Best Hotel Management Company in China" (中國最佳酒店管理公司金獅獎) to Fantasia Hotel Management Company Limited.

◎ In July 2016, U Hotel Taipei was awarded Booking.com 2015 Guest Review Award (住客評分卓越獎).

◎ In November 2016, after the completion of a thorough inspection undertaken by the Health and Family Planning Commission of Hexi District, Tianjin on the sanitary conditions of hotel rooms within its jurisdiction, Tianjin U Hotel was awarded the honour of "Level A enterprise of Quantified and Hierarchical Management of Health Supervision for 2016" (2016年度衛生監督量化分級管理A級單位).

◎ In December 2016, Tianjin U Hotel was selected as the "Preferred Hotel of Consumers in Meituan-Dianping" (美團點評消費者推薦優選酒店), which is the only hotel in Hexi District of Tianjin to be awarded of such honour.

◎ In December 2016, U Hotel in Shenzhen was awarded the honour of the only "Award of Selected Business Hotel in Shenzhen for 2016" (2016年深圳精選商務酒店獎) by Ctrip.

◎ In December 2016, U Hotel in Shenzhen was awarded the honour of the "Award of Excellent Partner Hotel of Ctrip for 2016" (2016年攜程優質合作酒店獎) for Shenzhen region by Ctrip.

◎ On 8 January 2016, Shenzhen Colour Life Services Group was awarded the honour of "Outstanding Member with Special Contribution of Shenzhen Property Management Association for 2015".

◎ On 20 January 2016, Chengdu Futainian Enterprise Management (Retirement Life Services) Co., Ltd. (成都市福泰年企業管理(養老服務)有限公司) was recognized as the "Excellent Retirement Life Service Brand in Chengdu" in the Adjudication and Selection of "Xiaoxingtong: Excellent Retirement Life Service Brand in Chengdu" (孝行通•成都市優秀養老品牌).

◎ On 22 February 2016, the new version of Caizhiyun 3.0 was launched.

◎ On 3 March 2016, the 2015 annual results release conference of Fantasia Holdings Group Co., Limited and Colour Life Services Group was held in Four Seasons Hong Kong. According to the statistics, the Company achieved an annual revenue of approximately RMB8.164 billion and net profit of RMB1.403 billion, representing an increase of 11.7% and 2.3%, respectively, as compared to the same period of the previous year, and the Company also recorded a gross profit margin of 30.9% and a net profit margin of 17.2%, making it one of the leaders in the industry. The Company's revenue from asset-light projects surged by 107.9%, its share to total revenue increased from 10% in 2014 to 20%.

◎ On 24 March 2016, Fantasia Real Estate Group was awarded the honour of the "Top 100 China Real Estate Enterprises for 2016" (2016中國房地產百強企業) at the Research Results Release Conference of Top 100 China Real Estate Enterprises for 2016 cum the 13th session of Top 100 China Real Estate Entrepreneurs Summit.

◎ On 31 May 2016, Fantasia Holdings Group Co., Limited entered into a cooperation agreement with Virscend Education Company Limited (成實外教育有限公司) in the Chengdu Fantasia Meinian Plaza with the view to establishing the largest education-art complex in the southwest district.

◎ On 6 June 2016, the launch of ecosystem projects cum the signing ceremony of strategic cooperation agreement of Colour Life Services Group was held in Shenzhen Caiyue Building.

◎ On 21 June 2016, numerous leaders of the property enterprises in the industry gathered at the annual campaign to talk about the industry, in which Colour Life Services Group ranked the first in two segments consecutively.

◎ On 30 June 2016, in celebration of the 14th anniversary of its establishment and the second anniversary of its listing, Colour Life Services Group organized the "Walking 10 miles, embracing your beautiful life" (健步10公里，擁抱彩生活) activities for staff, property owners and tenants of over 2,000 projects covering almost 200 cities.

◎ In June 2016, Fantasia Holdings Group acquired ASIMCO Tianwei to pursue its industrial finance strategy. Fantasia marched into the advanced manufacturing industry, which would strengthen Fantasia's strength in the industry for promoting the industrial development of China and would also extensively integrate industrial chain resources for providing service support for the community. This is an integral part for Fantasia to open up the pathway to the industrial chain and step into the advanced manufacturing industry.

◎ On 23 July 2016, the Press Conference on product launch of Nanjing Fantasia Hailrun Complex was held in Nanjing Shangri-la Hotel, in which Fantasia Hailrun Complex entered into a cooperation agreement with YOU+ International Youth Community, marking the settlement of the first YOU+ International Youth Community in Nanjing in Hailrun Complex.

◎ On 2 August 2016, Shenzhen Xingfu Wanxiang Investment Partnership (深圳市幸福萬象投資合夥企業), of which Fantasia is an investor, and Shenzhen Qianhai Jianian Investment Fund Management Co., Ltd. (深圳前海嘉年投資基金管理有限公司), a wholly-owned subsidiary of Fantasia, jointly acquired 100% equity interests in Wanda Property Management Co., Ltd.(萬達物業管理有限公司), which is the largest acquisition case in term of scale so far in the property management industry in China and a successful practice for the property industry to grow through mergers and acquisitions.

◎ On 10 August 2016, Fantasia Holdings Group Co., Limited published its interim results report. According to the report, as at 30 June 2016, Fantasia recorded a revenue of approximately RMB5.362 billion, representing an increase of 47.7% as compared to the same period of the previous year. During the reporting period, Fantasia maintained a gross profit margin at a higher level of 27.6% and recorded a net profit of approximately RMB331 million, representing an increase of 18.6% as compared to the same period of the previous year.

◎ On 11 August 2016, Colour Life Services Group Co., Limited published its half-year results report. According to the report, as at 30 June 2016, Colour Life managed a residential area of over 360 million sq.m. and maintained its status as the largest community services provider in the world.

◎ On 27 August 2016, the opening ceremony of Guilin Lingui Luhu Primary School wholly funded by Fantasia Real Estate Group was successfully concluded.

◎ On 1 December 2016, Institute of Social Service (搜社社區服務發展研究院) (hereinafter refers to SC (搜社)), which was jointly established by Fantasia Group, Colour Life Services Group, Worldunion, Dataway, Zhongguancun Big Data Industry Alliance and CPMI, released its Result Report — "Community Thermometer 1.0" (社區溫度計1.0). As an in-depth data survey on community users, user base provided by Fantasia and Colour Life was a key to the development of community thermometer.

◎ On 5 December 2016, both of Fantasia Holdings Group Co., Limited(Hong Kong Stock Exchange Stock Code: 1777) and Colour Life Services Group Co., Limited (Hong Kong Stock Exchange Stock Code: 1778) were admitted to Shenzhen-Hong Kong Stock Connect.


Guangzhou Weworth

WORK ENVIRONMENT

Fantasia Holdings Group Co., Limited ("Fantasia" or the "Company", together with its subsidiaries "Fantasia Group"or the "Group") is committed to nurturing outstanding employees, providing its staff with competitive remuneration package according to their overall quality of work. Based on the performance and the development potential of employees as well as the external economic environment, Fantasia Group provides a reasonable level of salary increase, attractive fringe benefits and reasonable individual holiday arrangements so as to ensure a comfortable life for its employees.

HEALTH AND SAFETY

Other than complying with relevant laws and regulations according to international labor standards, the Company emphasizes the harmony of work and leisure and has created a healthy workplace environment through providing exquisite gymnasiums, offering enticing afternoon teas, carrying out regular comprehensive body check-ups for employees and organizing annual tours etc., which inculcates positive life attitude and enhances the sense of belonging among the employees.

RECRUITMENT AND PROMOTION

Fantasia Group has, according to the specific needs of the Company, developed a competency-based recruitment model for candidates. Recruitment is based on the candidates' capability instead of other factors such as color, race, gender, age and religion. All employees and applicants enjoy equal opportunities and fair treatment. The philosophy of developing a wide array of talents helps to build up the overall strength of the Group and equips the Group with different talents and skills. The average age of employees in Fantasia Group is 31.69. The average age of the management of the headquarters is dropping, with the oldest being 49 and the youngest being 22; the number of male staff is higher than that of the female, with a male to female ratio of 55%: 45%.

Complying rigidly with laws and regulations and exercising stringent recruitment procedures, Fantasia Group absolutely forbids child labor or forced labor.

DEVELOPMENT AND TRAINING

Fantasia is dedicated to supporting the development of every employee, taking care of employees' physical and mental health and overall development. The Group organizes various professional training as well as introduces external training courses, industry sharing sessions, salons and forums in order to provide employees with various training and learning opportunities.

Fantasia launched various training programs, such as public speaking skills, for senior management so as to facilitate the strategic development of the Company. The Company sends members of the senior management to famous institute of finance for further study so as to promote the talent transformations. The Group holds regular trainings for new employees and new members of senior management in order to build cohesion amongst new comers as well as to allow them to have an in-depth understanding of the Company's philosophy and strategies. The Company is determined to reinforce the Democratic Life Meetings so as to conclude and reflect deeply from our experience and progress and improve amid self-criticism and positive suggestions. The Company completely integrates internal and external trainings in order to provide guidance for the staff for their professional enhancement as well as foster the innovative development of the Company.

SUPPLY CHAIN MANAGEMENT

Fantasia Group has adopted a rigid and standardized internal control system with absolute emphasis on and strict compliance to relevant laws and regulation of the PRC. Through procurement by the way of tendering, the Group strictly assesses the economic and technical standard of the tenders and chooses the optimal suppliers under fair competitions to ensure the cost and quality of its procurements are reasonable. Through strategic cooperation, and after undertaking complete assessments, the Group develops long term, close and stable relationships with the best rated suppliers for critical products/ services in order to achieve ideal procurement goals. Taking account of efficiency, effectiveness and standardization, the Group tightly regulates the procurement process and the assessment principles.

ANTI-CORRUPTION

Fantasia has established a sound structure for internal management and control as well as rigorous policies which would be strictly implemented in order to prevent corruption and fraud.

The audit committee and administrative management allow zero tolerance of corruption, malpractice and fraud and the relevant policies and operation procedures of the Group reflect integrity, justice and transparency.

In the meantime, the Group has stated clearly to its employees that it takes a firm position on fighting against corruption and malpractice and has included a trustworthy cooperation clause in the contracts entered into with the suppliers and service providers that the Group cooperates with so that they understand the requirements of the Group clearly. The internal audit department of the Group would conduct audit independently, which will further enhance the effectiveness of the whole system.

Furthermore, any incidents or suspicious incidents would be managed and controlled by the business department and would even be reported to the audit committee and administrative management if necessary. Material incidents will be investigated by the internal audit department. Meanwhile, the Group provides channels for complaints and reports so as to investigate any possible or actual illegal acts.

The Group is always on the alert for malpractice, fraud and corruption from time to time and would continuously seek for and implement more effective precautionary measures. Through analyzing trends of changes and incidents, the Group can understand the reasons and process of illegal acts and the remedial actions. The Group would hold exchange forum regularly to exchange the relevant knowledge, skill and experience.

To conclude, taking a firm position against corruption, malpractice and fraud is an integral part of the whole corporate governance of the Group, and the Group is planning to fully utilize resources to protect the legal interests of the Company and shareholders.

Shenzhen Funian Plaza

COMMUNITY INVESTMENT

In mid-January, Fantasia collected RMB89,005.5 from a total of 1,362 people by organizing donation campaign "One Good Deed a Day to Donate 1 yuan" (日行一善　每日捐1元) in the 4th quarter of 2015. The funds would be used to assist impoverished families of Ji'an Fantasia Hope Primary School and in return, the beneficiaries would give each of the donators a bag of "fried beans" that they grew as a New Year gift.

On 11 January, Nanjing Ankangnian held the first Poker Game. On 17 January, Wannianchang Retirement Life Services Center of Chengdu Ankangnian, Wannianchang Elderly Association (萬年場老協) and other organizations jointly held Laba Festival heart-warming activities (臘八節送溫暖活動).

On 4 February, Ankangnian in Qingyang District won the bid of Domestic Retirement Life Service Institutions Procurement Project for Chengdu High-technology Zone (2nd batch) (《成都高新區居家養老服務機構採購項目(第二次)》) with the project amount of approximately RMB700,000. Ankangnian in Qingyang District would provide service in accordance with the service projects and charge standards as specified by the purchaser and receive management fee of 5% of the actual service amount. This project was the first domestic retirement life service project undertaken by Ankangnian.

On 23 March, Zhou Junyi (周俊伊), the 50th teacher for teaching support of Fantasia Charity Foundation and one of the 16th batch of teachers, arrived at Ji'an Fantasia Hope Primary School and started to provide teaching support for two months.

On 24 March, Liu Guangqiang (劉光強), the District Mayor of People's Government of Chenghua District studied and inspected retirement life service work at Shuangqiao Station.

On 19 April, Ankangnian sent the responsible officers of each station to Yuanyuanyuan Retirement Life Services Center in Wenjiang for study.

The 10th Anniversary Celebration of Ji'an Hope Primary School (吉安希望小學) donated by Fantasia.

On 16 May, Ankangnian in Qingyang District signed Service Agreement for Domestic Retirement Life Attendants Hosting of Shaocheng Street (three years) (《少城街道居家養老護理員代管服務協議》(三年)), which was the first governmental domestic retirement life service function transfer project and the amount of service procurement was RMB167,000 per year.

On 18 May, Zhoujunyi, the 50th teacher for teaching support of the 16th batch from the General Manager's Office of Real Estate Wuhan Company shared his two-month teaching support experience in an interesting form. "Hauxiaoyi (花小益)" Zhoujunyi said, "teaching support for myself has ended, but volunteers' tour of Fantasia Charity Foundation has just begun".

On 16 June, Ankangnian retirement life services center in Chenghua District of Chengdu City carried out Rehabilitation Therapy by Helping Each Other Activities in the activity room of Pioneering·Love the City (生命綠島) "Green Island for Life" at Jianshezhong Road Community with a theme of Regimen in Summer.

In June, Guojielou Station Wechat Study Group in Ankangnian retirement life services center in Qingyang District started as scheduled at 10:00 am every Friday. The elderly came to wait at the station with their smart phone for studying new knowledge so as to catch up with the trend of the time "Internet +".

On 20 June, Fantasia Charity Foundation became the strategic cooperation partner of Iread Foundation (愛閱公益基金會) and therefore became one of the four additional handout station of "Reading Start Bag" (閱芽包), the only handout station in Longhua New District.

In June, Ankangnian in Wuhou District undertook the Domestic Retirement Life Service Procurement Project in Wuhou District, the amount for service procurement was approximately RMB100,000. On 22 June, responsible officers of Chenghua District Civil Affairs Bureau and Qingyang District Civil Affairs Bureau inspected the retirement service work at Joint Station.

On 15 June, Zhou Xuting (周許挺), the BY-HEALTH (湯成倍健) retirement life project servicer, Yu Zhen (余震) and Pan Ning (潘寧), Deputy General Managers of U&F(匯合豐), paid a visit to Ankangnian Wannianchang Street day-care center in Chenghua District. They conducted inspection as well as discussion and exchange in relation to cooperation.

On 29 June, Ankangnian Wannianchang Street Project in Chenghua District and Shuangqiaozi Street Project carried out fire safety study and fire drills. During the activities, professionals gave lessons on the conditions of conflagration, fire escape methods for elderly and tips during escape as well as the practice of fire extinguishment.

In early July, 56 boxes of a total of 5556 books donated by Send Books with Love to Countryside (小書有愛　送書下鄉), strategic cooperation partner of Fantasia Charity Foundation arrived at Fantasia Ji'an Hope Primary School. This batch of books is huge in volume and variety, especially suitable for primary students. These new books enriched the experience of children during the summer holidays.

On 8 July, project officers of "Small Goodness Charity" (小善公益) Project, one of the projects funded by "Design for left-behind children" (為留守兒童設計) came to Fantasia Charity Foundation to prepare the project report on "One-week Summer Camp Project" (一星期夏令營) carried out at Zongxi Primary School in Yaozu Village, Dongkou County, Shaoyang City, Hunan Province. Both the "Small Goodness Charity", a small-scale project which yields fruitful results and precisely undertaken by a team of heartful volunteers as well as its achievement have won the admiration of secretary office. The usages of a fund of RMB10,000 contributed by the Foundation were clearly stated, which indicated that the donations has been sent to the children in need.

In July, the fund contribution to the first batch of sponsored project of the eighth "Fantasia: Voyage to Happiness" (花樣年•發現幸福之旅) cum "Design for left-behind children" was concluded. A total amount of RMB69,000 has been provided to eight projects. Projects funded in the first batch included "Bamboo Toys Made by Self" (自給自竹) – Design of Bamboo Toys "Rainbow Box" by Left-behind Children, Magic Classroom in Mountainous Area, 2015 Lighthouse Plan – Village Carnival Plan, an Experience Tour to Shenzhen for Left-behind Children from Ludian, One-week Summer Camp Project of Small Goodness Charity, Together with

Mission – Blue Envelop Left-behind Children Care Project, Be Optimistic in the Prime Time of Life (花樣年華　陽光心態) – Psychological Care Plan for Left-behind Children, and film shooting plan of Left-behind Children Documentary "Jia Yi" (加一).

On 23 July, Youpinshangdong (優品尚東) Day Care Centre in Chenghua Ankangnian Huaishudian Community commenced operation. The center set a "service satisfaction wall" (集贊牆) to collect "like" from residents so as to establish the connection with the demands of community residents as well as promote their understanding of the services of the centre.

In July, the ninth "Fantasia: Voyage to Happiness" (花樣年•發現幸福之旅), Public Welfare in Art Project by Fantasia Charity Foundation started with the theme of conceiving creative design for the museum of art "Fu" (福). By the end of July, location, function positioning and size of the museum of art "Fu" has been largely determined upon detailed survey of the project location.

On 24 July, 2016 "Fantasia Cup" (花樣杯) Basketball Match ended, Fantasia volunteers took an active part in the match in July, providing backup services for players and referees and have received attention during the matches.

In July, retirement life services center in Chenghua District of Chengdu City carried out activities named "Celebrating the Dragon Boat Festival heartfully, attractive smell of rice dumplings filled in the air of the community" (濃情迎端午，糉香溢社區) under the theme of Dragon Boat Festival. Taking "the second home of the elderly" as its operation principle, the centre tried to make the senior citizens in the Centre feel the festive atmosphere as the Dragon Boat Festival arrives.

In August, Fantasia Cheung Kong Group School of Business senior management class (phase 2) donated its class funds of RMB160,000 to Fantasia Charity Foundation, all of the fund and interest thereon would be used for Ji'an Hope Primary School Project. The initial interest of RMB15,000 would be used for the project of building drinking water facilities for Ji'an Hope Primary School.

In August, 20 computers donated by Fantasia Cultural and Tourism Group arrived at Fantasia Ji'an Hope Primary School during summer holidays and the installation and test work have been done. Such computers would be used for electronic class preparation by teachers and "Rainbow Class" by students.

By the end of August, the project of "Safety Drama Club", funded by the eighth "Fantasia: Voyage to Happiness" (花樣年•發現幸福之旅) cum "Design for left-behind children" and led by Longxiang Community Worker Service Centre, was concluded. The project organized children to edit script and make it a melodrama based on the daily safety situation by means of interesting community theatre for children. In the meantime, host training for children was also carried out. A total of 76 activities has been organized, which brought benefits to 1,538 migrant left-children.

On 14 August, sales of Fantasia Jingchuan Meinian Culture City commenced. On the date of commencement of sales, Fantasia offered sponsorship to the top 17 students from Arts, Science and Cultural arts in college entrance examination and the top 17 students in senior high school entrance examination in Jingchuan in 2016. Each of a total of 68 students has received sponsorship of RMB1,000, totaling RMB68,000.

In August, each Ankangnian retirement life service centre carried out a series activities to express love, respect and care for the elderly in themes such as "memory of love • happiness of Qixi" (愛的回憶•幸福七夕) caring visit, birthday party for the joy of the elderly, Dog Days lecture and Regimen in Autumn.

On 1 August, Ankangnian in Qingyang District undertook the first community public service fund project "Joint Establishment Agreement of Sidaojie Dance Training Class"(四道街舞蹈興趣班共建協議) with service procurement amount of RMB3,800.

On 19 September, in memory of the donation of Ji'an Hope Primary School for 10 years by Fantasia, Fantasia made use of fashionable Wechat solitaire game "Each Person Shows a Photo to Express Blessing for the 10-year Development of Fantasia Hope Primary School" (一人一照曬祝福，花小十年成長+), creating an H5 document viewed by 46,000 viewers in 10 days and forwarded by over 200 persons. As a result, a trend of appreciation, recall and sharing was set among the volunteers who grew up together with Fantasia Hope Primary School such as staff, teachers for teaching support, schools and landlords.

On 26 September, as one of the serial activities for the 10-year donation of Ji'an Hope Primary School by Fantasia, "Shoe box gift" (鞋盒禮物) that had low entry barrier, offered higher enjoyment and allowed more engagement commenced. The "Shoe box gift" that aimed to bring happiness to children living in countryside represented the goodwill of Fantasia volunteers to the children in Ji'an Hope Primary School and was sent to Ji'an Hope Primary School by volunteers in October.

On 28 September, a group of seven people from Ji'an Education Bureau and Ji'an Hope Primary School presented the achievement of 10-year donation of Ji'an Hope Primary School and the future development plan for the school to Fantasia in Shenzhen.

From 23 to 25 September, the fifth Charity Exhibition was launched in Shenzhen Exhibition Centre. Fantasia Charity Foundation organized volunteers to study, and collect data and information of charity institutions participated.

On 12 September, Mid-autumn Festival was drawing near. A batch of hami melon donated to Fantasia Charity Foundation by "Small Goodness Charity" arrived at the volunteers' pantry of Fantasia Group in Shenzhen by various transportation tools such as tractor, truck and train faraway from Xinjiang, which was regarded as the sweetest return from the left-behind children funded by Fantasia.

From 9 to 12 September, "Jia Yi", a documentary of left-behind children shot by Jiang Nengjie, the director of an independent documentary "farmer director", premiered in Shenzhen. It is a project funded by "Design for left-behind children" (為留守兒童設計) and took two years to complete. The film ran six times in Shenzhen and then was released nation-wide.

On 6 September, the third season of "Embracing hopes, Realizing dreams – send them a pair of shoes", which was funded by "Design for left-behind children" (為留守兒童設計) commenced. This project collected stationaries and daily supplies for students and built a modern audio-visual classroom for Luhe Primary School in Houjiachuan Town, Huining County, Baiyin city, Gansu Province and Huining is the most impoverished county in China.

On 15 September, Ankangnian in Qingyang District undertook the community public service fund project "Shangye Street Public Service Fund 'Lehuo Schoolyar' project" (商業街社區公服資金"樂活學園"項目) with service procurement amount of RMB13,900. On 29 September, members of Chengdu City Yidian Community Worker Service Centre paid a visit to Shuangqiao Station and exchanged opinions in relation to the work of community workers.

On 26 October, "the 10th Anniversary Celebration Ceremony of Ji'an Hope Primary School Donated by Fantasia" (花樣年捐助吉安希望小學十週年慶典) was held at Fantasia Hope Primary School in Ji'an County, Jiangxi Province. China Eastern Airline, Books with Love Teenager Growth Care Centre, Shenzhen Special Zone Daily, leaders of Ji'an Municipal Party Committee and County Party Committee, charity cooperation partners of Ji'an Education Bureau, media reporters, local government leaders and Fantasia Group leaders gathered together to discuss the school development plan by way of school visit, celebration ceremony and forum.

By the end of October, bid invitation, construction, inspection and acceptance procedures of drinking water project in Ji'an Hope Primary School, which was donated by Fantasia Cheung Kong Group School of Business senior management class (phase 2) have been completed and related facilities have come into use. Clean drinking water has been available for over 1,200 teachers and students. As reported, the drinking water facilities supplier provided a full set of facilities at public welfare price and gave each child a cup once it learned about the 10-year donation for school construction by Fantasia.

By the end of October, in order to encourage children to take an active part in sports to keep good health, Fantasia Group donated a pair of sports shoes to every child in Ji'an Fantasia Hope Primary School. A regular donation event by Fantasia has taken form since then.

On 26 October, nine volunteers of Lingyan of the China Eastern Airlines, charity cooperation partner of Fantasia Group, came to Ji'an Hope Primary School again from Hangzhou, Shanghai and Nanchang. They sent sympathy money and stationaries and daily supplies to 11 impoverished students and paid return visits to their homes. Lingyan of the China Eastern Airlines has carried out this activity for six consecutive years.

On 26 October, Zou Yuanyuan (鄒媛媛), the chairlady of Shenzhen Books with Love Teenager Growth Care Centre, a charity institution that donated 6,000 books to Fantasia Ji'an Hope Primary School, checked the use of books and share professional experience with school principals and school librarians in respect of donation and use of books.

On 12 October, Ankangnian in Qingyang District undertook the community public service fund project "Keep in Optimistic Mood when Growing Old·Express Respect to the Elderly as Double Ninth Festival draws Near" (年年重九勝春光•久久佳節敬老情) with service procurement amount of RMB15,000. On 14 October, Ankangnian in Qingyang District undertook function transfer project of Shaocheng Street "Express Respect to the Elderly on Double Ninth Festival • Soldiers and civilians are close as family members" (重陽敬老•軍民一家親) with service procurement amount of RMB7,000. On 20 October, Ankangnian in Qingyang District undertook Sidaojie community public service fund activity "Care for the Elderly • Respect and Be Filial to Parents" (關愛老人•敬老孝親) with service procurement amount of RMB11,500.

In October, Ankangnian in Qingyang District took part in 2016 Maker Match of Social Organization in Qingyang District "Make Qingyang District an Intelligent and Vigourous Community" (創智青羊　活力社區) and won the third prize. Qingyang District received a subsidy of RMB20,000 and a bonus of RMB10,000 from the Education Bureau. It was the first time that Ankangnian engaged in public welfare venture game and won prize at district level.

On 4 November, Fantasia Charity Foundation and Fantasia Association held the ninth Students Assistance Activity. A volunteer group consisting of more than 30 landlords and families of customers arrived at Ji'an Hope Primary School to help impoverished students. They played sports of amusement games, visited their homes and picked pinecone for sale to buy stationaries.

On 4 November, in the ninth Students Assistance Activity, Suzhou Dacheng Evironmental Construction Material Company Ltd. (蘇州大乘環保建材有限公司), the public welfare cooperation partner of Suzhou Company, decided to donate a brand new environment-friendly water-based coating track. The track would be donated to the school directly by Suzhou Dacheng and was scheduled to be built in next year.

On 20 November, "Run Ecologically to Enjoy the Charity" activity started at the Grand Canyon. Volunteers such as landlords and customers of Fantasia from all parts of the country gathered there to enjoy the original ecology and the interests and surprises during the running. 4,500 schoolbags were collected for children in Ji'an Fantasia Hope Primary School.

By the end of November, the last batch of funds of the eighth "Fantasia: Voyage to Happiness" cum "Design for left-behind children" was released, representing a successful conclusion of the project.

In the afternoon of 17 November, a group led by Gu Chaoxi (顧朝曦), the Vice Minister of the Ministry of Civil Affairs, inspected the function layout of Ankangnian Retirement Life Service Centre Shuangqiao Station and listened to the briefing of retirement life service mode of "Trinity" (三位一體) in Ankangnian. They also visited the senior citizens in the retirement life service centre.

On 29 November, Ankangnian Jiangjunjie Station in Qingyang District organized Thanks-giving Day activity.

On 22 and 23 December, under the leading of Fantasia Charity Foundation volunteers, a group of people from Ji'an Fantasia Hope Primary School and the Education Bureau visited junior high school and primary school of Chengdu foreign language school in Chengdu and other Fantasia schools in Pujiang for in-depth exchange and study.

By the end of December, the thorough maintenance for Ji'an Hope Primary School commenced for overall maintenance of the buildings donated in the past ten years. The cost was approximately RMB163,400. Fantasia would provide an amount of RMB30,000 fee each year for maintenance and large-scale maintenance work for the purpose of regular maintenance of the school and was allowed to apply for additional reimbursement.

On 15 December, the ninth Fantasia: Voyage to Happiness cum "Design for Happiness – Fu • Designs and Ideas Collection for the Art Museum" (為幸福設計－福•藝術館設計與創意徵集大賽) commenced. This activity attracted various domestic and overseas leaders in different discipline and a low entry barrier for involvement in creative group and professional group of "Happiness Is a Common Wealth for All" (人人皆可談論幸福) was set. It also set up 50 awards and bonus totaling RMB200,000, which attracted wantrapreneurs who called for a better life.

In December, as "Design for Happiness – Fu·Designs and Ideas Collection for the Art Museum" commenced, collection of old items that bring forward happiness under the activity of "Design for Happiness", an activity sponsored by Fantasia Charity Foundation and Shenzhen Special Zone Daily started. Fantasia Charity Foundation will donate RMB100 for each "Old item and its story" (老物件及背後的故事). The fund will be used especially for the development construction and purchase of stationaries and daily supplies of Fantasia • Hope Primary School.

In the afternoon of 27 and 28 December, as an offline activity of "Design for Happiness – Fu • Designs and Ideas Collection for the Art Museum", a design workshop "Art Museum of Happiness" was held at Tsinghua University and Beijing University of Civil Engineering and Architecture. Designers whose design products render the sense of happiness, experts of museum management, planners and opinion leaders, particularly happiness research professionals from Happiness Lab discussed topics such as happiness, art and art museum with teachers and students, designers, industrial players and general public and made presentation for the competition.

On 15 December, Ankangnian Shuangqiaolu North Day Care Centre commenced operation, students from dancing class of Ankangnian Zi Yue College staged a fantastic show and about 300 community residents attended the opening ceremony. 25 senior citizens applied Ankangnian VIP Card. The station was an institution specializing in the provision of domestic retirement life services. It occupied a site area of 300 square metres and a GFA of 200 square metres. A total of RMB300,000 was invested and physiotherapy room, children's game centre and recreation room were housed. The institution was capable of accommodating approximately 100 senior citizens.

On 27 December, Ankangnian Jianshe Road Day Care Centre in Chenghua District commenced operation, approximately 120 persons, including leaders of Jianshe Road Street Affairs Office and Peihua Road Community and residents attended the opening ceremony. It had a GFA of 140 square metres, and physiotherapy room, library and recreation room were housed. The centre was capable of allowing 50 senior citizens to join the activities held in the centre.

On 19 December, Ankangnian in Chenghua District and Jianshe Road Street Affairs Office signed Governmental Procurement Cooperation Agreement of Domestic Retirement Life Service (居家養老服務政府採購合作協議) with service procurement amount of RMB8,600.

On 25 December, Angkangnian Shuangziqiao Street Retirement Life Service Centre in Chenghua District was awarded the third prize with a bonus of RMB20,000 in the assessment conducted by a third party engaged by the Chenghua District Civil Affairs Bureau.

Dear shareholders,

I. ACCELERATION OF THE COMMUNITY + LAYOUT AND CAPITALIZATION, CONTRIBUTING TO INITIAL FORMATION OF THE INDUSTRIAL FINANCIAL GROUP STRUCTURE

In 2016 which was the transition period for the Company to implement its strategic transformation, the Company adhered to the development strategy of "Community Plus", under which, the Company was able to improve operating results by those community related businesses while keeping steady growth of sales revenue from property business. With development of various business segments developed and progressed orderly and simultaneously, the Company initially completed establishment of the Group's business system and the transformation of business model.

In 2016, amidst the increasing demands by the national macro economic control policies on real estate, together with the issue of new adjustment and control policies from local governments in respect of the same; Fantasia, despite of such complicated external environment, insisted on the strategy of exercising prudence on the control of investment risks, which enabled it to consolidate the sustainable rapid development of property business in the first and second-tier cities and the core cities regionally, and accordingly strengthened its sustainable profitability.

Wuhan Jinxiu Town

For the year ended 31 December 2016, the Company recorded accumulated contract sales of approximately RMB12.206 billion and accumulated contracted sales area of 1,325,300 sq.m., which once again exceeded its annual sales target. In addition, our group member Home E&E was successfully listed in the Innovation Market of NEEQ by virtue of its outstanding performance and innovative business model. As of the end of 2016, the echelon of our business system was initially formed featuring three major segments, namely matured business, growing business and incubating business, which secured the Company with prolonged growth in a short, middle and long run. Based on Community Plus related businesses, the Company is accelerating growth as an industrial financial group, aiming to provide interesting, funny and meaningful living space and experiences to customers based on services and assets.

II. RESULTS AND DIVIDENDS

For the financial year ended 31 December 2016, the Company recorded revenue of approximately RMB10,921 million, representing an increase of 33.8% over last year. The Company's gross profit increased by 40.1% to approximately RMB3,528 million in 2016 from RMB2,519 million in 2015, while the gross profit margin was 32.3% in 2016. The Company's profit for the year decrease by 24.1% from RMB1,403 million in 2015 to RMB1,064 million in 2016 which was mainly due to the exchange loss increased by 185.1% to RMB666 million in 2016 from RMB 234 million in 2015. To reward the Company's shareholders for their support, the Board of Directors of the Company proposed a final dividend of HK5.00 cents per share in respect of the year 2016, subject to shareholders' approval at the upcoming annual general meeting.

III. MARKET AND BUSINESS REVIEW

In 2016, the global economy appeared to be weak in recovery in general, with insufficient overall demands from developed economies and prolonged low growth rate thereof. In particular, the economic growth of developed economies teetered at a low level, economic growth of the US was under the pressure of downward adjustment and Eurozone and Japan were likely to recover upwards while remaining weak. It was hard to effectively prevent the decline trend of the overall growth rate of the emerging economies, and it was predicted the polarisation of the trend of economic growth in different emerging markets would continue. Amidst the deep economic adjustment world-wide, China sought for progress in steady development, targeting to achieving stable growth, adjusting development structure and enhancing the people's livelihood. Through continuous perfection of macroeconomic policies and innovating macro adjustment and control, China put forward supply-side structural reform while adequately increasing the overall demands. Therefore, under the pressure of the slow domestic economic growth, there were certain positive signals in the economy. In general, China was experiencing a stable economy with deep structural adjustment which accelerated the accumulation of new development momentum.

In 2016, development of property industry was divided into two phases. For the first half of the year, as affected by the monetary easing policy and the adjustment and control policies, the market expectation was substantially improved and there was active trading. While for the latter half year, trading volume in property market begun to drop due to the increasing requirements under the national macro control policies relating to real estate business, together with the consecutive implementation of new control policies across China. Destocking remained the major task of the industry in 2016. Thus, the third and fourth-tier cities endeavored to reduce inventory proactively, while those core regions tried to prevent asset bubble risk. Sales of properties presented to develop in arching curve throughout the year, with varied performance among cities due to the specific policies implemented therein.

The above economic evolution and polarised development of the property business sector coincide with Fantasia's prediction made at the beginning of the year. Adhering to its persistent strategy, Fantasia continued to focus its resources on the most active economic development regions, namely Pearl River Delta, Yangtze River Delta, Beijing-Tianjin Metropolitan Area, Chengdu-Chongqing Economic Zone, and Central China. Benefiting from the balanced urban layout and continuous development of the national property market, Fantasia continued to record an increasing trading volume in its major development cities, including Shenzhen, Shanghai, Nanjing, Dongguan, Wuhan, Huizhou and Tianjin. The strategic measures enabled us to consolidate the foundation for continuous development of real estate business in the first and second-tier cities and core cities regional, and to strengthen the sustainability of our profitability. We believed that our comprehensive experiences in property development, ability to innovate, ability to integrate the resources of customers and industry, and ability to analyse the trend accurately, ability to manage every tiny detail of project operation as well as the ability to optimize and innovate marketing ideas would assist Fantasia to capture and capitalize any strategic business opportunity for rapid growth in the ever-changing market.

As at 31 December 2016, in respect of real estate business, Shenzhen Fantasia Real Estate Group Company Limited, a subsidiary of the Group, achieved contracted sales area of 1,325,300 sq.m., and achieved contracted sales of RMB12.206 billion with an increase of 8.3% as compared to last year, exceeding its annual sales target.

Through its dedication in providing products and services of consistently excellent quality in the past year and its future growth potential, Fantasia was highly regarded by media and the capital market. On 29 November 2016, Fantasia was further acknowledged by professional financial analysts and commentators in Hong Kong, and awarded the "Annual Award for Listed Companies" (上市公司年度大獎) in the "15th Anniversary of The Hong Kong Institute of Financial Analysts and Professional Commentators Limited (香港股票分析師協會) and Annual Award for Listed Companies 2016".

1. **In line with the investment logic of "Community+ Technology Harmony", the Company further expanded its business presence**

On 2 August 2016, Shenzhen Xingfu Wanxiang Investment Partnership Co. (a company invested by Fantasia) and Shenzhen Qianhai Jianian Investment Fund Management Co., Ltd. (a wholly-owned subsidiary of Fantasia) jointly acquired the entire equity interests of Wanda Property Management Co., Ltd., which was the largest acquisition case of domestic property management industry in terms of scale, and also a successful example of growth of property industry achieved through merger and acquisition. In future, Kaiyuan International Property, one of the members of the Fantasia Group, would provide property consultation and management services for the residential communities under the management of Wanda Property, and Fantasia International Property (Home E&E) would provide property consultation and management services for the commercial communities (such as office buildings) under the management of Wanda, demonstrating the Group's strong capability of acquisition and integration and strengthening its efficiency of financial driver. As Fantasia further expanded its presence in the property market, its leading position in community management was further consolidated.

In May 2016, Fantasia acquired 59.84% equity interests of ASIMCO Tianwei Fuel Injection Equipment Stock Co., Ltd. (Beijing) ("Tianwei"), making it the largest shareholder of the latter. By adherence to the common idea of "Technology Harmony", Fantasia Holding Group and Tianwei formed an alliance between the giants. Through participating in manufacturing industry, other than improving its advantageous position in this industry, Fantasia could also promote the development of industry in China, while integrating industrial chain resources more comprehensively thus providing support to community service. Therefore, it is a critical step for Fantasia to integrate the industrial chain and set up its layout in high-end manufacturing industry.

The Company established Shenzhen Leed Home Residential Technology Co., Ltd., so as to build the perfect construction industrial chain and accomplish the core targets of Fantasia's construction products, namely environment friendly production, customized services, individualized decoration and intelligent home furnishing. Based on construction industrialization, the Company managed to realize the organic integration among technology, economy and market and to extend the industrialization concept to develop front-end products, downstream sales of construction materials, construction energy, even construction products, providing an integrated solution to the Group to develop a well-structured and sustainable community.

2. **Continue to consolidate its advantage in being the largest operator in the community service industry while the construction of ecosystem began to take shape**

Since its successful listing on the Main Board of the Stock Exchange in 2014, Colour Life Services Group Co., Limited (a company under Fantasia with Hong Kong Stock Exchange stock code: 1778), taking advantage of the favorable environment in the capital market, kept accelerating its rate of expansion. The strategic ecosystem constructed by Colour Life began to take shape. On 18 November 2016, Colour Life entered into strategic cooperation with Shanghai Yinwan Life Network Co., Ltd.* (上海銀灣生活網絡股份有限公司), pursuant to which, the two parties would carry out in-depth cooperation in areas of community B2F (Business to Family) service platform construction, resources sharing, equity interest investment as well as technical support. 750 projects currently managed by Shanghai Yinwan and its related parties involving an area of approximately 110 million sq.m. and approximately 2,200 projects managed by about 460 member companies joining the Ikey Alliance under Yinwan involving an area of 250 million sq.m. would adopt the largest B2F platform – "Colour Life Platform* (彩之雲平台)". Furthermore, Colour Life had also connected the existing property fee collecting system with those of Yinwan and Ikey Alliance, merging those enterprises into the Yinwan and Ikey Alliance. The expansion in management scale would further enhance the operating efficiency and profitability of "Colour Life Platform", and also, the brand attraction of Colour Life.

Being the largest community service operator in China, Colour Life has proactively built community service ecosystem, and established its own incubation model of business, technology and finance ecosystems. Not only was it able to provide to enterprise residents with support and service relating to entrepreneurship tutor, capital, law and financial consultation, it also allowed its enterprise residents to share over 2,000 communities across the nation managed by Colour Life and the Colour Life Platform accessible to all the property owners. Besides, it effectively helped entrepreneurs to realize business development with low costs and facilitated them to step into community business.

Colour Life Residence under Fantasia was widely recognized by the market. Colour Life Residence had made presence in 209 cities, and executed cooperation agreement with 27 developers with sales of 4,513 units.

As at 31 December 2016, Colour Life had contracted management area of 395.1 million sq.m. and contracted management projects of 2,339 communities, which in total covered 209 cities. The registered users of Caizhiyun APP amounted to 3.03 million, among which, the active users was over 1.74 million, representing an active rate of 57.4%. Besides, third party vertical application collected satisfying operating data from Colour Life Platform, indicating initial shaping of the ecosystem.

3. **The closed loop of community finance was initially formed and the industrial financial group layout began to materialize**

The community finance of Fantasia was the important development engine of the Group, constituting its core business segment. Through continuous efforts in resources integration and model innovation, it steadily expanded finance businesses by means of strategic investment, cooperation and merger & acquisition, forming in-depth synergy with other business segments of the Group.

Community financial group was conducted according to the main theme of "Community Finance" through treasury management, financing leasing, micro credit, P2P, funds and payment. Currently, branches were expanding to cover the whole nation gradually, with escalating number of customers and scale of business.

"Qian Sheng Hua" (錢生花), an online P2P platform under community financial group, has already financed over RMB2.0 billion, with registered users of 1.2 million. "Zhong An Xin" (中安信) insurance broker has, centered on "Community Insurance" model, developed "Community Plus Insurance" products, and combined online and offline resources to mainly promote products and services such as vehicle insurance, overseas finance products and property insurance, taking into account the demand for scene-based marketing by community users. With respect to Fantasia's financing leasing business, it mainly focused on those industries which were closely related to communities, including new energy based vehicle, 3-D garage, intelligent barrier gate equipments for parking lots, medical and sanitary equipments, fresh products e-commerce and cinemas, etc, expecting to obtain stable leasing return while expanding financial services into communities.

Fantasia has achieved initial positive results in its strategic transformation, forming the organic ecosystem based on community comprehensive services and finance, while the industrial financial group layout beginning to take shape. The Company will continued to build various organic ecosystem that based on the inter-coordination among various platforms and applications; making itself the industrial financial group that leads in China with finance as the driving force, community service as the platform and development as the instrument.

4. **Issuing senior notes to boost stable future development**

In respect of financing, the Group reviewed the situations and took advantage of the windows in the foreign capital market. In addition to the RMB600 million senior notes due 2019 issued in May 2016, the Group issued additional RMB1,000 million senior notes on 22 August 2016, US$400 million senior notes with a 5-year maturity on 27 September 2016 and US$100 million senior notes with a 5-year maturity on 20 December 2016. All of the notes issued were very well received by international investors and was significantly oversubscribed. Thus, the capital costs of the Group were further lowered. The Group will continue to optimize the domestic and foreign debt structure, lower the capital costs of the enterprise and enhance the financial stability and capital efficiency, so that the enterprise could enjoy a stable and sustainable development.

5. **Speeding up the layout of the Group's overseas assets and integrating the Group's eight major business segments with a global vision**

Amidst global economic integration, we witnessed a new round of division of labour between developed economies and new emerging economies while Chinese capital was reaching out to the world; it is the mission of the Group to follow the trend and to develop its business through integrating its global resources and to integrate the Group's resources with those of the world during the new round of division of labour and to improve the Group's resource integration capacity and enrich its profit-marking modes through expanding our business globally. Its newly-established joint-venture in America successfully completed the investment on retirement life industries, realizing effective synergy with the current operation of community retirement life. The Group will establish a subsidiary in England in 2017. Fantasia is now integrating its eight major business segments with a global vision.

6. **Strengthening research on community service and promoting industry transformation and upgrading**

Soushe Community Services Development Research Institute (搜社社區服務發展研究院) (hereafter referred to "Soushe"), a community service research institute which was jointly established by Fantasia Group, Colour Life Service Group, WorldUnion, Dataway, Zhongguancun Big Data Industry Alliance and China Property Management Institute, officially published a result report – "Community Thermometer 1.0 (社區溫度計1.0)" on 1 December 2016. Soushe positions itself as the most professional integrated strategic consultation institute of community operation and services in China, with an aim to provide integrated market solutions to community service companies in China, and strives to understand community and the current situation of community service, find out the current situation of community activation, discover community activation factors and explore main factors contributing to community activation through collection of basic household information in community and household activities using big data, so as to provide guidance to the development of community commerce and the improvement of community services. The large community user group provided by Fantasia and Colour Life has played a key role in the development of community thermometer (社區溫度計), a big data program to understand community users deeply.

IV. SOCIAL RESPONSIBILITY

1. Integrating resources to fulfill social responsibility

In 2016, Shenzhen Fantasia Charity Foundation (深圳市花樣年公益基金會), a platform for Fantasia Group to fulfil its social responsibility, continued to promote the steady development of 3 brand projects, namely Art Charity, Pension Charity and Education Charity, through integrating resources and implemented the concept of one good deed a day to enjoy the charity (日行一善 樂享公益). A number of public charity activities were carried out, including the eighth Fantasia: Voyage to Happiness cum "Design for Left-behind Children" (第八屆花樣年•發現幸福之旅暨「為留守兒童設計」), an Art Charity project the ninth Fantasia: Voyage to Happiness (第九屆花樣年•發現幸福之旅), the ninth Student Education Fund Tour (愛心助學行) of Fantasia, a donation activity entitled "Enjoy the Charity and Enjoy the Running (樂享公益 生態趣跑)" and the volunteers of China Eastern Airlines Lingyan (東航淩燕), a public charity partner of Fantasia Group, donating money and school supplies and daily necessities to poor students of Ji'an Fantasia Hope Primary School, through which Fantasia continued to contribute to the society, and was committed to becoming an important charity company for promoting the progress and sustainable development of the society.

2. Environmental conservation

As a socially responsible public enterprise, the Company has, since its establishment, always placed high regard on the issue of environmental conservation during the course of its operation and provision of services. The Company proactively educates its management and staff about environmental conservation and mobilizes its staff and the public to protect environment. The Company is committed to becoming an important force and organizer for environmental conservation, proactively participates in environmental enhancement activities and undertakes its social responsibility for environmental conservation actively. Environmental protection has now become one of the cornerstones of the Company's manifested corporate responsibility policy, and on this basis, the Company formulates relevant policies to ensure its enforcement. According to the Environmental Protection Law of the People's Republic of China and other relevant regulations and the Company's environmental protection policy, during business operation, Fantasia implements the principle of environmental conservation mainly through the following aspects:

Be aware of the latest laws and regulations and ensures that they are complied with and implemented by cooperating partners and employees; providing employees with regular training regarding environmental protection and safety so as to enhance the environmental awareness of individual employee and the Company in general;

Incorporate green elements into the development plans of the projects and take factors such as project design, the greening of the peripheral and include green facilities into consideration during project planning;

During project construction and operation, implement environmental and safety control at the construction site, educate construction workers about environmental conservation and practicing environmental conservation management and introduce green and innovative construction methods in order to develop trial runs of residential housing industrialization and to achieve environmental protection, water conservation, energy saving and emission reduction;

Be aware of the air quality at indoor environment, adopting green designs and green building materials so as to ensure all residents and employees enjoy a healthy living environment;

The Company puts emphasis on the recycling and reusing of resources, advocating an environmental-friendly corporate culture. Employees of the Company should conserve water and electricity. To use environmental friendly recycled materials during the operation of the community services and pay constant attention to the new development in the recycling technology industry and their applications;

The Company attaches great importance to promoting environmental conservation and enhances environmental awareness of the clients when it provides community services in hopes of reducing energy consumption without compromising the quality of services.

Fantasia adheres to the principle of sustainable development and, according to its corporate responsibility policy, encourages employees, cooperating partners and clients to maintain high environmental protection standards.

3. **The Company's relationship with cooperating partners, consumers and employees**

During its course of operation and development, not only does Fantasia care about business performance, it also values the building of foundation for sustainable development – the establishment and maintenance of a positive relationship with cooperating partners, consumers and employees.

Committed to becoming an interesting, tasteful, resourceful leader in living space and experience, the Company treats its employees and cooperating partners in a fair and respectful manner, provides its employees with a working platform where they can put their talents to good use and uncover their potential, and strives to establish a mutually-beneficial long-term business relationship with the cooperating partners.

The Company offers a living space and experience which is unique and tasteful with inner-depth to customers who pursue value. By innovating our models with in-depth observation of human nature and internet thinking, the business models become more creative, which provides the customers with a uniquely stylish, rich and rewarding living space and living experience full of pleasant surprises and establishes a closer bonding between the Company and the customers. Fantasia consolidates and coordinates the resources of various sectors including the sector of community services, finance, business, cultural tourism and elderly service in an innovative way with an aim at optimizing the experience of the customers in order to enhance the customers' recognition of the Company.

Meanwhile, the Company will, in accordance with relevant laws and internal regulations, endeavour to prevent improper transfer of benefits between its employees and cooperating partners, consumers, so that their mutual relationships can be kept in an honest, justice and transparency manner.

V. OUR BUSINESS DEVELOPMENT IN FUTURE

In 2016, the overall global economy lacks the momentum to recovery. In the first half of the year, global economy remained volatile and major economies lack high-lights of growth. The situation is further aggravated by frequent accidents; the interest rate hike by Federal Reserve which further stirs up the market sentiment, and the Brexit dealt a severe blow to the economy of the EU and even the world. In the second half of the year, the global monetary climate eased further and the pace of economic recovery slowed down, monetary policies and political risks generated market uncertainties.

Amidst profound global economy adjustment, China's economy still bears a relatively high downward pressure in 2017 and the structural adjustment would be bittersweet. Notwithstanding that overall economic recovery and structural optimization remain the key note of the economy, significant challenges prevail. In view of the challenging external environment, Fantasia Group took the initiative in deployment in both domestic and overseas markets, proactively facilitated the synergetic development of community plus industries and promoted the integration across the industrial and financial sectors, and initially formed a strategic layout with distinguishing features and clear business logic.

2016 was a critical year of the Company's strategic plan for 2012–2020 forming a link between the past and the future, the final year of the first stage. Focusing on the theme of integrated community operation service, the Company has completed the in-depth transformation of mature business sectors and the exploration of the incubation of emerging business sectors. Looking forward, 2017 will be a critical year of the development and expansion stage. The Company will continue to base its foothold in the community and adjust its business structure to grasp the rapid development of commercial community, business community and elderly service community while keep on optimizing and developing Colour Life and the operation platforms for residential community services in Jiefang District (解放區). On the other hand, the Company will proactively expand into the technology business sector, where there is new growth potential by deploying the industrial idea that combines technology and beauty. The Company will also actively promote the synergetic development among its various business sectors and the integration across the industrial and financial sectors, build an industrial cluster system based on the Community Plus Strategy and develop such a business system involving both light and heavy industries, to lay a solid foundation for the long-term development of the Company.

VI. APPRECIATION

After almost two decades' development, the Group witnessed the miracle of China's economy and experienced the volatility of the industry. By virtue of the unremitting efforts of our colleagues, the Company achieved sustained progress and growth. The Company's development is inseparable from the understanding and support of our shareholders, investors, partners and customers along the way. On behalf of the Board of Directors, I would like to take this opportunity to express our heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. Meanwhile the global economy in 2017 will still be volatile, in fulfilling its duty in 2017, the Board will remain prudent, conscientious, hard-working and diligent and it will continue to proactively promote the development of various business sectors through active innovations in operation models, to enhance the Company's leading position in the industry of community operation service, and to actively explore the vast future of community services related industry under the new environment. Hopefully, we will continue to strive ahead along with your companies. Let's work together for a bright future.

Pan Jun
Chairman

17 March 2017

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services, (v) the provision of hotel management and related services and (vi) the provision of travel agency service. For the year ended 31 December 2016, revenue of the Group amounted to approximately RMB10,921 million, representing an increase of 33.8% from approximately RMB8,164 million in 2015. Profit for the year attributable to the owners of the Company was approximately RMB806 million, representing a decrease of 33.4% from approximately RMB1,211 million in 2015.

Property Development

The Company recognised revenue from the sale of properties when the significant risks and rewards of ownership have been transferred to the purchaser, i.e., when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents proceeds from sales of the Group's properties held for sales. Revenue derived from property development increased by 27.5% to approximately RMB8,366 million in 2016 from approximately RMB6,562 million in 2015, due to the hot selling properties sold by Yuehua New Technology in Shenzhen this year, leading to the overheating of the Shenzhen's property market. The table below sets forth the total revenue derived from each of the projects and the aggregate GFA of properties sold in 2016 and 2015.

	2016			2015		
	Total Revenue	GFA sold	Average Selling Price	Total Revenue	GFA sold	Average Selling Price
	RMB'000	Square meters	RMB/ square meter	RMB'000	Square meters	RMB/ square meter
Chengdu Future Plaza 成都香年廣場	4,386	488	8,984	1,083	100	10,834
Huizhou Fantasia Special Town 惠州別樣城	56,553	6,355	8,899	209,520	39,966	5,242
Chengdu Fantasia Town 成都花樣城	39,532	7,847	5,038	1,203,322	278,989	4,313
Dongguan Wonderland 東莞江山	17,971	1,155	15,564	–	–	–
Wuxi Love Forever 無錫花郡	92,574	20,745	4,462	154,336	25,254	6,111
Suzhou Lago Paradise 蘇州太湖天城	353,398	42,267	8,361	806,641	123,453	6,534
Dongguan Mont Conquerant 東莞君山	–	–	–	–	–	–
Chengdu MIC Plaza 1 成都美年國際廣場	92,710	10,001	9,270	489,725	45,811	10,690
Chengdu Grande Valley 成都大溪谷	61,350	8,235	7,450	353,002	35,252	10,014
Chengdu Belle Epoque 2 成都君山	21,434	7,222	2,968	28,235	6,298	4,483
Chengdu Funian Plaza 成都福年廣場	–	–	–	–	–	–
Chengdu Flower Garden 成都花好園	918	401	2,292			

	2016			2015		
	Total Revenue	GFA sold	Average Selling Price	Total Revenue	GFA sold	Average Selling Price
	RMB'000	Square meters	RMB/ square meter	RMB'000	Square meters	RMB/ square meter
Chengdu Love Forever 成都花郡	2,161	506	4,270			
Chengdu Xinian Plaza 成都喜年廣場	1,308	94	13,951			
Tianjin Love Forever 天津花郡	223,441	43,972	5,081	95,118	16,139	5,894
Wuxi Hailrun Plaza 無錫喜年廣場	163,842	29,108	5,629	86,084	11,563	7,445
Huizhou Love Forever 惠州花郡	16,992	3,353	5,067	28,703	5,824	4,929
Guilin Fantasia Town 桂林花樣城	282,505	66,212	4,267	32,263	6,972	4,627
Nanjing Yuhuatai Project 南京花生唐	3,524	120	29,356	–	–	–
Dali Human Art Wisdom 大理藝墅花鄉	–	–	–	–	–	–
Guilin Lakeside Eden Community 桂林麓湖國際社區	642,530	137,306	4,680	428,391	80,892	5,296
Chengdu Longnian Plaza 成都龍年廣場	543,275	130,750	4,155	501,187	107,103	4,679
Huizhou TCL Project 惠州TCL項目	888,723	148,596	5,981	267,001	40,208	6,640
Wuhan Love Forever 武漢花郡	999,925	106,872	9,356	617,635	67,088	9,206
Wuhan Love City 武漢花樣城	936,236	17,178	5,469			
Shenzhen Longnian Building 深圳龍年大廈	48,550	3,169	15,321	510,644	25,043	20,391
Shenzhen Longqiwan 深圳龍岐灣	149,092	2,639	56,503			
Shenzhen Lenian Plaza 深圳樂年廣場	529,560	26,003	20,365			
Ningbo Love Forever 寧波花郡	730,589	79,829	9,152	651,985	69,126	9,432
Suzhou Xinian Plaza 蘇州喜年廣場	1,445,989	79,647	18,155	6,464,873	985,080	6,563
Other (including sales of car parks and construction of relocation housing)	16,886			97,193		
	8,365,954			6,562,066		

Property Investment
Revenue generated from property investment increased by 32.2% to approximately RMB242 million in 2016 from approximately RMB183 million in 2015. The increase was primarily due to the additional area of investment properties leased externally.

Property Agency Services
Revenue derived from property agency services increased by 9.4% to approximately RMB27 million in 2016 from approximately RMB24 million in 2015. The increase was primarily due to the increase in the number of communities that the Group provided agency services and management services to.

Property Operation Services
Revenue derived from property operation services increased by 30.1% to approximately RMB1,652 million in 2016 from approximately RMB1,270 million in 2015. The increase was primarily due to the increase in both the GFA of the properties under the Group's management and the scope of value-added services provided in 2016.

Hotel Operations
Revenue derived from hotel services decreased by 6.4% to approximately RMB114 million in 2016 from approximately RMB122 million in 2015. This decrease was primarily due to the disposal of subsidiaries of the group.

Others
Revenue derived from travel agency services was approximately RMB520 million, which was generated from the acquisition of Morning Star Travel and ASIMCO Investments III Limited.

Gross Profit and Margin
Gross profit increased by 40.1% to approximately RMB3,528 million in 2016 from approximately RMB2,519 million in 2015, while the Group's gross profit margin was 32.3% in 2016 as compared to a gross profit margin of 30.9% in 2015. The increase in gross profit margin was due to the hot selling properties sold by Shenzhen Yuehua New Technology Industry Company Limited* (深圳市越華創新科技工業城有限公司) in 2016 was located in Shenzhen. The property market of Shenzhen in 2016 was overheat, leading to the increase in gross profit. Besides, the business expansion of Colour Life and Home E&E resulted in an increase in the cost of revenue of both companies, leading to the increase in gross profit.

Other Income, Gain and Losses
In 2016, the Group recorded other net loss of RMB585 million, (2015: RMB108 million). Such difference was mainly attributable to the exchange loss of RMB666 million in 2016 (2015: RMB234 million).

Selling and Distribution Expenses
The Group's selling and distribution expenses decreased by 30.1% to approximately RMB223 million in 2016 from approximately RMB319 million in 2015. The decrease was mainly due to the decrease in advertising expenses of physical-form advertisements, sales agency fee and other expenses.

* *For identification purpose only*

Shenzhen Funian Plaza

Administrative Expenses

The Group's administrative expenses increased by 14.8% to approximately RMB851 million in 2016 from approximately RMB741 million in 2015. This increase was mainly due to the increase in the number of staff required to support the expansion of the Group's scale of operation for the Group's business development during its transformation towards a community-based company.

Finance Costs

The Group's finance costs increased by 208.3% to approximately RMB932 million in 2016 from approximately RMB302 million in 2015. The increase in finance costs was mainly due to the increase in the average annual balance of interest-bearing liabilities, which offsets the effect arising from the slight decrease in overall interest rate.

Income Tax Expenses

The Group's income tax expenses increased by 9.3% to approximately RMB1,442 million in 2016 from approximately RMB1,319 million in 2015. This increase was mainly due to the increase in land appreciation tax.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company decreased by 33.4% to approximately RMB806 million in 2016 from approximately RMB1,211 million in 2015.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2016, the Group's bank balances and cash were in the sum of approximately RMB11,134 million (2015: approximately RMB4,218 million), representing an increase of 164.0% as compared to that as at 31 December 2015. A portion of the Group's cash is restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to.

Net Gearing Ratio

The net gearing ratio was 83.0% as at 31 December 2016 compared to that of 75.8% as at 31 December 2015, representing a substantial increase of 7.2 percentage points. The net gearing ratio was measured by net debt (aggregated borrowings, senior notes and bonds and assets backed securities issued, net of bank balances and cash and restricted/pledged bank deposits) over the total equity.

Borrowings and Charges on the Group's Assets

As at 31 December 2016, the Group had an aggregate borrowings, senior notes and bonds and assets backed securities issued of approximately RMB3,367 million (31 December 2015: approximately RMB3,964 million) and approximately RMB18,380 million (31 December 2015: approximately RMB9,535 million) and approximately RMB275 million (31 December 2015: nil), respectively. Amongst the borrowings, approximately RMB929 million (31 December 2015: approximately RMB1,408 million) will be repayable within one year, approximately RMB2,336 million (31 December 2015: approximately RMB2,468 million) will be repayable between two to five years and approximately RMB103 million (31 December 2015: approximately RMB88 million) will be repayable after five years. Amongst the senior notes, approximately RMB1,575 million (31 December 2015: approximately RMB1,004 million) will be repayable within one year and approximately RMB16,804 million (31 December 2015: approximately RMB8,531 million) will be repayable after one year.

As at 31 December 2016, a substantial part of the borrowings were secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group through the pledge of their shares.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, borrowings, obligations under finance leases and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. During 2016, though the exchange rates of RMB against U.S. dollar and Hong Kong dollar decreased, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Commitments

As at 31 December 2016, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB1,604 million (2015: RMB3,867 million).

Contingent Liabilities

As at 31 December 2016, the Group had provided guarantees amounting to approximately RMB6,258 million (2015: approximately RMB6,442 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the year ended 31 December 2016 as the default risk is low.

Employees and Remuneration Policies

As at 31 December 2016, excluding the employees of communities managed on a commission basis, the Group had approximately 29,038 employees (31 December 2015: approximately 12,141 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2016 amounted to approximately RMB1,146 million (2015: approximately RMB629 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted the share option scheme on 27 October 2009. As at 31 December 2016, a total of 142,660,000 share options were granted and 0 (2015: 19,325,000) share options had lapsed while 618,000 (2015: 3,721,000) share options had been exercised during the year. As at 31 December 2016, the number of outstanding share options was 85,326,000.

BUSINESS REVIEW

Property Development

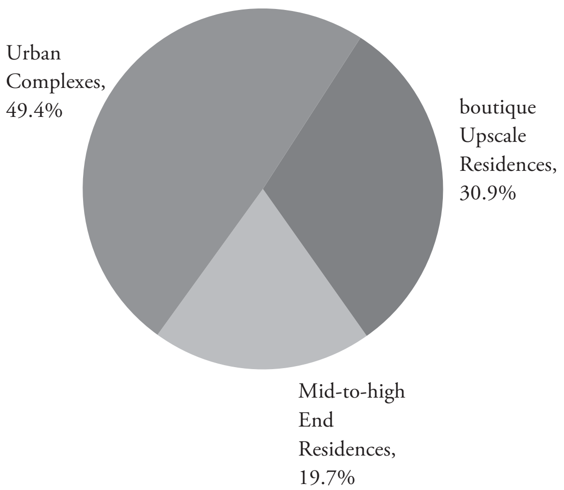
Contracted Sales and Project Development

In 2016, the policy environment of the property market went through a process of going from relaxation to continued clamping down at the major cities. Amid rapidly escalating property prices and land premium at the major cities, policies became obviously more polarised. On one hand, the control/adjustment policies further tightened, restriction on property buying/lending and various monitoring and control measures were launched, so as to curb the speculative investment demands and prevent market risks; as a result, the market at the major 1st and 2nd tier cities cooled off rapidly. On the other hand, destocking was the main theme at the 3rd and 4th tier cities which endeavoured to improve market environment through adjusting both the supply and demand; the control and adjustment measures were relatively mild. Meanwhile the central government strengthened the construction of the long term mechanism of the property market, the integration of different regions and kept promoting modern urbanisation. All these measures provided a favourable environment for the long term development of the industry.

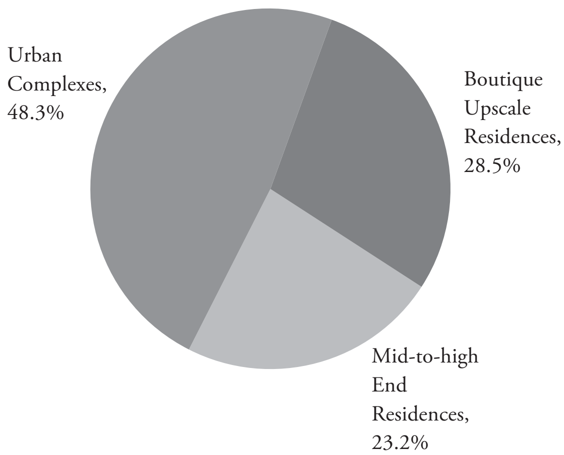
Following overall market changes, the Group grabbed the window period of the market for its real estate sector throughout the year. During the first half of the year, the Group spared no effort in boosting the sales of the bestselling products which generated a rapid cash inflow while taking into account of the selling price so as to ensure the capital need for the rapid growth of the enterprise. Meanwhile during the second half of the year, the Group took advantage of the favourable policies to push up the sales volume and during policy adjustment in October, the company seized the opportunities to create a sales breakthrough in the residential as well as commercial property markets and proactively sought opportunities to promote the sales of the relatively slow-moving products so as to further optimise the inventory structure of the Group.

During the Period, the Group recorded contracted sales of RMB12,206.22 million and contracted sales area of 1,325,320 sq.m.. Among the total contracted sales, RMB6,028.45 million was derived from urban complexes projects, representing approximately 49.4% of the Group's total contracted sales; RMB3,774.31 million was derived from boutique upscale residences projects, representing approximately 30.9% of the Group's total contracted sales; and RMB2,403.46 million was derived from mid-to-high end residences projects, representing approximately 19.7% of the Group's total contracted sales.

The proportion of contracted sales attributable to different categories of products



The proportion of contracted sales area attributable to different categories of products

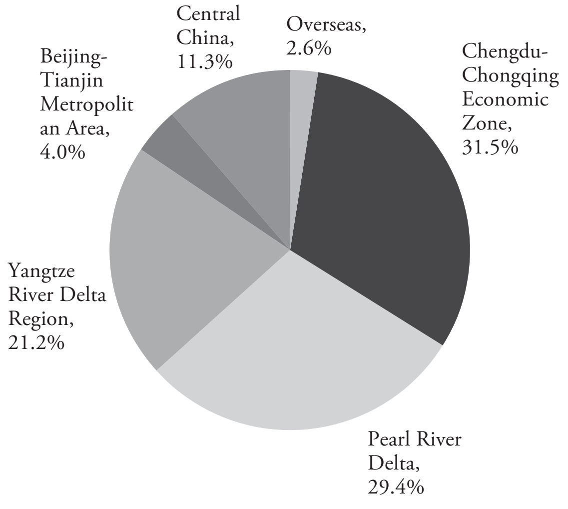


The proportion of contracted sales and contracted sales area attributable to different categories of products for the year 2016

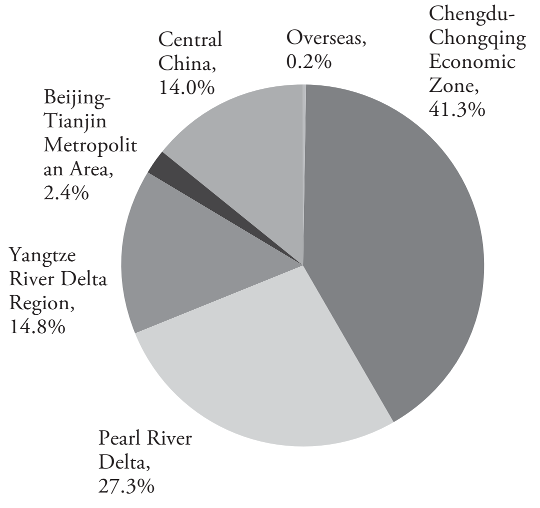
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	6,028.45	49.4	640,263	48.3
Mid-to-high End Residences	2,403.46	19.7	307,528	23.2
Boutique Upscale Residences	3,774.31	30.9	377,529	28.5
Total	**12,206.22**	**100.0**	**1,325,320**	**100.0**

During the reporting period, the contracted sales contribution to the Group's real estate business were mainly derived from 13 cities, including Wuhan, Chengdu, Guilin, Huizhou and Suzhou, and 37 projects, including Wuhan Fantasia Town, Suzhou Lago, Tianjin Meinian, Chengdu Longnian International Center, Guilin Lakeside Eden and Huizhou Kangchengsiji. As compared to last year, the Group used Wuhan city as a center for the Central China market, Chengdu city as a center for the Chengdu-Chongqing market, Shenzhen city as a center for the Pearl River Delta market and Shanghai city as a center for the Yangtze River Delta market, and earned good reputation and impact in the local markets. These cities became the key players that contributed to the fulfillment of our target this year. In addition, the Group started trial runs in light assets businesses as well as businesses in the sixth-tier of the real estate sector, and leveraged on the companies' resources and teams in Wuhan and nearby areas such as Jiangyin, Kunming, Huizhou and Jingchuan County in Gansu to boost its business volume.

The contracted sales value distribution in the six major regions in 2016



The contracted sales area distribution in the six major regions in 2016



The breakdown of the Group's contracted sales in the six major regions in 2016

	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Chengdu-Chongqing Economic Zone	3,843.74	31.5	547,173	41.3
Pearl River Delta	3,593.18	29.4	361,786	27.3
Yangtze River Delta Region	2,591.83	21.2	196,768	14.8
Beijing-Tianjin Metropolitan Area	487.73	4.0	31,804	2.4
Central China	1,376.43	11.3	184,973	14.0
Overseas	313.31	2.6	2,816	0.2
Total	**12,206.22**	**100**	**1,325,320**	**100**

Chengdu-Chongqing Economic Zone

With its natural endowment, the Chengdu-Chongqing Economic Zone has a relatively good industrial base, a towns-and-cities cluster, a complete and comprehensive transportation system and abundant human resources. It is an important region in China where populations, cities and towns, and industries gather together, and plays a strategic role in the social and economic development of China. The Group entered the Chengdu market in early 2001. After over 16 years of relentless brand building, the Group has become one of the most powerful property developers in Chengdu. In 2016, the sales target in the region exceeded our target and achieved a leading performance in the local market, establishing a good model as well as brand's reputation. Meanwhile, the Group continued to consolidate and proactively explored and developed projects in the region and acquired several parcels of land reserves in order to promote the Group's rapid development in the region.

During the reporting period, the Group recorded contracted sales area of approximately 547,173 sq.m. in the Chengdu-Chongqing Economic Zone and contracted sales of approximately RMB3,843.74 million, attributing to 41.3% and 31.5% of the total contracted sales area and total contracted sales of properties of the Group during the reporting period, respectively.

As at 31 December 2016, the Group had three projects or phases of projects under construction in the Chengdu-Chongqing Economic Zone, with a total planned gross floor area of approximately 276,329 sq.m. and a saleable area of approximately 223,709 sq.m.. Apart from the projects under construction, the Group also had five projects or phases of projects to be developed in the Chengdu-Chongqing Economic Zone, with a total planned gross floor area ("GFA") of approximately 2,337,571 sq.m..

Pearl River Delta Region

The Pearl River Delta Region has always been one of the most important drivers for economic growth in China. It is an experimental zone for exploring scientific development model, a pioneer for trying out deepening reforms, an outer national threshold for opening up the mainland market, the base of advanced global manufacturing and modern services, and the important economic center of China. It is also the birth place of the Group in China. The Group has been accelerating the development of its businesses in Shenzhen, Guangzhou, Huizhou and Guilin markets. We set a market benchmark in the region while we earned excellent reputations and recognitions from our clients, and establish a solid foundation for the Group in the region. With regard to business development, we also constantly strengthen our businesses land reserves and launch new projects in the Guangzhou-Shenzhen area.

During the reporting period, the Group recorded contracted sales area of approximately 361,786 sq.m. in the Pearl River Delta Region and contracted sales of approximately RMB3,593.18 million, attributing to 27.3% and 29.4% of the total contracted sales area and total contracted sales of properties of the Group during the reporting period, respectively.

As at 31 December 2016, the Group had two projects or phases of projects under construction in the Pearl River Delta Region, with a total planned GFA of approximately 835,122 sq.m. and an estimated saleable area of approximately 604,769 sq.m.. The Group also had five projects or phases of projects to be developed in the Pearl River Delta Region, with a total planned GFA of approximately 1,892,688 sq.m..

Beijing-Tianjin Metropolitan Area

The Beijing-Tianjin Metropolitan Area has the largest economic scale and is the most vital area in Northern China. It is the core of the Capital Economic Circle and the hinterland of Bohai Economic Rim Region, enjoying a prominent strategic position. This area, being a national political, economic and cultural center, has always been one of the most attractive areas in China. During the reporting period, the Group accelerated the development of its existing projects in the area and, on top of this, actively expanded industrial projects and new cooperation projects to further expand its influence in the area.

During the reporting period, the Group recorded contracted sales area of approximately 31,804 sq.m. and contracted sales of approximately RMB487.73 million in the Beijing-Tianjin Metropolitan Area, attributing to 2.4% and 4.0% of the total contracted sales area and total contracted sales of properties of the Group during the reporting period, respectively.

As at 31 December 2016, the Group had two projects or phases of projects under construction in Beijing-Tianjin Metropolitan Area, with a total planned GFA of approximately 19,158 sq.m. and an estimated saleable area of approximately 12,927 sq.m.. The Group also had four projects or phases of projects to be developed in the Beijing-Tianjin Metropolitan Area, with a total planned GFA of approximately 711,947 sq.m..

Yangtze River Delta Region

The Yangtze River Delta Region is the economic center designated by the central government which enjoys the strongest comprehensive strength in China. It is also the region which is the main international threshold in Asia-Pacific region, the world's most important and advanced manufacturing base and the first region in China that ranks itself among the world-class metropolitan cluster. The Group paid continuous attention to its current projects as well as the key cities that have high growth potential within the region. During the reporting period, Suzhou Fantasia Special Town Project, the Group's housing industrialization project, was successfully delivered. Besides, the Group also adopted the "One City, One Strategy" approach in Shanghai to prepare for and develop the high-end exquisite projects in the key cities to further enhance the Group's negotiation power and competitiveness in high-end projects and markets as well as the brand value.

Chengdu XiNian Plaza

During the reporting period, the Group recorded contracted sales area of 196,768 sq.m. and contracted sales of approximately RMB2,591.83 million in the Yangtze River Delta Region, attributing to 14.8% and 21.2% of the total contracted sales area and total contracted sales of properties of the Group during the reporting period, respectively.

As at 31 December 2016, the Group had four projects or phases of projects under construction in the Yangtze River Delta Region, with a total planned GFA of approximately 546,010 sq.m. and an estimated saleable area of approximately 339,662 sq.m.. The Group also had one project or phase of project to be developed in the Yangtze River Delta Region, with a total planned GFA of approximately 73,185 sq.m..

Central China

Central China with a profound historical and cultural background, has a solid foundation of heavy and light industries, convenient land and waterborne transport networks and abundant resources, Central China plays an important role in linking the eastern, southern, western and northern parts of China and hence is of strategic significance. In respect of property business, key cities in Central China become the primary focus of the real estate enterprises as they possess great development potential. During the reporting period, the Group constantly promoted the development of existing projects to further strengthen its influence in the region and achieved its professional impact and negotiation power in various market segments. While consolidating and planning for long term development within the region, the Group also explore the businesses in key cities, such as Wuhan, Zhengzhou, Changsha, Xi'an and the peripheral areas, as well as light assets transformation and build up a bigger and stronger team.

During the reporting period, the Group recorded contracted sales area of 184,973 sq.m. and contracted sales of approximately RMB1,376.43 million in Central China, attributing to 14.0% and 11.3% of the total contracted sales area and total contracted sales of properties of the Group during the reporting period, respectively.

As at 31 December 2016, the Group had two projects or phases of projects under construction in Wuhan, with a total planned GFA of approximately 108,030 sq.m. and an estimated saleable area of approximately 87,943 sq.m..

Overseas

Singapore is a well-developed capitalistic country in Asia and is also known as one of the Four Asian Tigers, as well as the world's fourth largest international financial center. Singapore is also the key financial, services and shipping center in Asia. The Group continued to strengthen the influence of its existing project in the area and was highly regarded by its peers as well as clients, enhancing its branding effect whilst continued to consolidate in the market and seek new business growth. Besides, the Group has conducted business studies and researches in the U.S. market and achieved certain positive results.

During the reporting period, the Group recorded contracted sales area of 2,816 sq.m. and contracted sales of approximately RMB313.31 million in the overseas market, attributing to 0.2% and 2.6% of the total contracted sales area and total contracted sales of properties of the Group during the reporting period, respectively.

Newly Commenced Projects

During the reporting period, the Group commenced development of seven projects or phases of projects with a total planned GFA of approximately 505,026 sq.m..

The breakdown of newly commenced projects in 2016

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA
						(sq.m.)
Yangtze River Delta Region						
1	Phase 2 of Nanjing Hailrun Plaza	Central North Road, Gulou District, Nanjing City	Commercial land use	2018	60%	3,429
2	Shanghai Aidu Apartment	Hongqiao Road, Changning District, Shanghai	Residential land use	2016	100%	4,391
3	Wuxi Love Forever Land Plot A	New District, Wuxi City	Residential and commercial purposes	2017	100%	4,428
Chengdu-Chongqing Economic Zone						
1	Grand Valley	Pujiang County, Chengdu City	Residential land use	2018	100%	56,552
2	Longnian Building Pi County Land Plot No. 3	Pi County, Chengdu City	Residential and commercial purposes	2018	100%	141,504
Pearl River Delta						
1	Phase 4 of Huizhou Kangchengsiji	Hui Nan Road, Huizhou City	Residential and commercial purposes	2018	100%	146,318
2	Block E of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and commercial purposes	2019	100%	148,404

Completed Projects

During the reporting period, the Group completed 17 projects or phases of projects, with a total GFA of approximately 1,254,121 sq.m..

The breakdown of completed projects in 2016

Project-serial number	Project name	GFA	Gross saleable area	Area for sales	Contracted sales area	Area held by the Company
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Yangtze River Delta Region						
1	Suzhou Hailrun Complex	96,641	96,165	13,572	82,592	–
2	Suzhou Lago Paradise	19,693	13,008	269	12,739	–
3	Nanjing Hailrun Plaza	22,753	22,293	6,741	15,552	–
4	Wuhan Fantasia Town	78,830	78,654	–	78,645	–
5	Wuhan Love Forever	68,458	56,886	17,886	39,000	–
6	Shanghai Quyuan	4,391	4,047	248	3,799	–
Pearl River Delta						
1	Huizhou Kangchengsiji	87,898	80,673	–	80,672	–
2	Shenzhen Anbo	85,428	65,109	65,109	–	–
3	Shenzhen Lenian Plaza	127,444	86,344	9,190.16	35,810	41,344
4	Guangzhou Jiang Shan Shu Kindergarten	4,270	4,270	–	0	4,270
5	Guilin Fantasia Town	72,345	68,693	2,107	66,586	–
6	Guilin Lakeside	212,644	254,636	44,260	210,375	–
Chengdu-Chongqing Economic Zone						
1	Longnian International Center	171,804	114,619	12,166	102,453	–
2	Four Points by Sheraton of Grande Valley	33,384	33,384	–	–	33,384
Beijing-Tianjin Metropolitan Area						
1	Love Forever	45,316	43,445	–	43,445	–
2	Meinian International Plaza	99,920	68,444	9,392	59,052	–
Overseas						
1	Derbyshire, Singapore	22,904	11,551	6,134	5,417	–
Total		**1,254,121**	**1,033,518**	**184,968**	**769,552**	**78,998**

Projects Under Construction

As at 31 December 2016, the Group had 13 projects or phases of projects under construction, with a total planned GFA of 1,784,649 sq.m. and a total planned gross saleable area of 1,269,011 sq.m.

The breakdown of projects under construction as at 31 December 2016

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Product Category
						(sq.m.)	(sq.m.)	
Huizhou								
1	Huizhou Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	2018	579,823	265,266	Boutique Upscale Residences
Guilin								
1	Guilin Lakeside	Lingui New District, Guilin City	Residential and commercial purposes	100%	2018	465,675	339,503	Boutique Upscale Residences
Chengdu								
1	Phase 1.2 and 1.3 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	To be confirmed	74,776	56,592	Urban Complexes
2	Longnian Building Pi County Land Plot No. 3	Pi County, Chengdu City	Residential and commercial purposes	100%	2018	141,504	123,451	Urban Complexes
3	Grande Valley	Pujiang County, Chengdu City	Residential and commercial purpose	100%	2018	198,056	163,620	Boutique Upscale Residences
Tianjin								
1	Ancillaries of Phase 1.3 of Love Forever	Wuqing District, Tianjin City	Residential land use	100%	2017	2,679	2,679	Mid-to-high End Residences
2	Phase 1 of Huaxiang	Wuqing District, Tianjin City	Residential land use	100%	2017	16,479	10,248	Boutique Upscale Residences
Suzhou								
1	Suzhou Lago Paradise Land Plot No. 3	Taihu National Tourism Vacation Zone, Suzhou City	Residential purpose	100%	2017	10,700	10,124	Boutique Upscale Residences
2	Hailrun Plaza	Binhe Road West, Shangxin District, Suzhou City	Residential and commercial purposes	100%	2017	233,949	124,497	Urban Complexes

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA	Gross saleable area	Product Category
						(sq.m.)	(sq.m.)	
Wuxi								
1	Wuxi Love Forever Land Plot A	New District, Wuxi City	Residential and commercial purposes	100%	2017	4,428	4,205	Urban Complexes
Nanjing								
1	Hailrun Plaza (excluding Building B1/B2#)	Central North Road, Gulou District, Nanjing City	Commercial land use	60%	2017	296,933	200,836	Urban Complexes
Wuhan								
1	Phase 2 of Wuhan Fantasia Town	Jinyin Lake Ecological Commercial Town, Dongxihu District, Wuhan City	Residential purpose	100%	2017	108,030	87,943	Mid-to-high End Residences
Total						1,784,649	1,269,011	

Projects Held for Development

As at 31 December 2016, the Group had 16 projects or phases of projects held for development, with a total planned GFA of approximately 5,215,391 sq.m..

The following table sets out a breakdown of the Group's projects or phases of projects held for development in the six major regions as at 31 December 2016.

	Sq.m.	%
Pearl River Delta	1,892,688	36.3
Chengdu-Chongqing Economic Zone	2,337,571	44.8
Yangtze River Delta Region	73,185	1.4
Beijing-Tianjin Metropolitan Area	711,947	13.7
Central China	200,000	3.8
Total	**5,215,391**	**100**

The breakdown of projects held for development as at 31 December 2016

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Shenzhen					
1	Xinghua Industrial Project	Shekou District, Shenzhen City	Industrial land use	61%	40,000
2	Jiatianxia Project	Kuichong, Shenzhen City	Residential and commercial purposes	10%	251,018
Subtotal					**291,018**
Huizhou					
1	Remaining phases of Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	246,402
2	Qiuchang Project	Danshui Town, Huiyang District, Huizhou City	Residential purpose	100%	184,996
Subtotal					**431,398**
Suzhou					
1	Haoge Land Plot	Taihu National Tourism Vacation Zone, Suzhou City	Residential and commercial purposes	5%	73,185
Subtotal					**73,185**
Guilin					
1	Remaining phases of Guilin Lakeside Eden Community	Lingui New District, Guilin City	Residential and commercial purposes	100%	1,170,272
Subtotal					**1,170,272**

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Chengdu					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu City	Residential, commercial and ancillary purposes	100%	397,204
2	Remaining phases of Grande Valley	Pujiang County, Chengdu City	Residential and commercial purposes	100%	667,737
3	Pi County Library Land Plot	Pi County, Chengdu City	Residential and commercial purposes	100%	490,000
4	Chengdu Shuangliu Hanfeng Project	Shuangliu District, Chengdu City	Commercial and residential purposes	91%	700,000
5	Phase 2.3 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	82,630
Subtotal					**2,337,571**
Beijing					
1	Yaxinke Project	Qingnian Road, Beijing	Residential purpose	60%	268,174
Subtotal					**268,174**
Tianjin					
1	Remaining phases of Love Forever	Wuqing District, Tianjin City	Residential purpose	100%	37,107
2	Remaining phases of Huaxiang	Wuqing District, Tianjin City	Residential purpose	100%	238,327
3	Yingcheng Lake Project	Hangu District, Tianjin City	Residential, commercial and tourism purposes	100%	168,339
Subtotal					**443,773**
Wuhan					
1	Phase I of Jinxiu City Project	Hongshan District, Wuhan City	Residential and commercial purposes	50%	200,000
Subtotal					**200,000**
Total					**5,215,391**

The Group's Land Bank

During the reporting period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Beijing, Shenzhen, Wuhan and Chengdu which enjoy strong market potential and are capable of delivering rich returns. As at 31 December 2016, the planned GFA of the Group's land bank amounted to approximately 14.98 million sq.m. and the planned GFA of properties with framework agreements signed amounted to 7.98 million sq.m..

Region	Projects under construction	Projects to be developed	Projects under framework agreements	Aggregate planned GFA of landbank	Proportion
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Chengdu-Chongqing Economic Zone				**5,611,218**	**37.5%**
Chengdu	276,329	2,337,571	2,916,682	5,530,581	
Kunming	–	–	80,637	80,637	
Pearl River Delta				**6,938,993**	**46.3%**
Shenzhen	–	291,018	3,111,282	3,402,300	
Huizhou	369,447	431,398	1,099,900	1,900,745	
Guilin	465,675	1,170,272	–	1,635,947	
Beijing-Tianjin Metropolitan Area				**999,105**	**4.9%**
Beijing		268,174	–	536,174	
Tianjin	19,158	443,773		462,931	
Yangtze River Delta				**675,489**	**4.5%**
Suzhou	244,649	73,185	56,254	374,087	
Wuxi	54,428	–	–	4,428	
Nanjing	296,933	–	–	296,933	
Central China				**1,019,445**	**6.8%**
Wuhan	108,030	200,000	711,415	1,019,445	
Total	**1,784,649**	**5,215,391**	**7,976,170**	**14,976,210**	**100%**

Colour Life Group

During the reporting period, the community services business of the Group maintained rapid growth. As at 31 December 2016, Colour Life, a subsidiary of the Group, had contracted management area of 395.1 million sq.m. serving a total of 2,339 communities. Currently, projects managed by Colour Life cover four first-tier cities, namely Beijing, Shenzhen, Shanghai and Guangzhou; and a total of 209 cities in China, including provincial capital cities, such as Tianjin, Shenyang, Harbin, Changchun, Shanghai, Hangzhou, Nanjing, Xi'an, Yinchuan, Taiyuan, Guiyang, Changsha, Wuhan, Zhengzhou, Guangzhou, Nanchang, Chengdu, Nanning, Haikou and Chongqing; cities in the Yangtze River Delta, such as Suzhou, Wuxi and Yangzhou; and cities in the Pearl River Delta, such as Foshan, Zhuhai, Zhongshan, Huizhou and Zhanjiang, as well as in Singapore, initially forming a regional layout covering regions such as Eastern China, Southern China, Northwest China, Southwest China, Northeast China, Northern China, Central China, Singapore and Hong Kong. Currently, Colour Life has become a large-scale community service group, comprising 24 corporations with the certificate of National Class 1 Aptitude on Property Management and 46 corporations with the certificate of National Class 2 Aptitude on Property Management.

While the scale of business expands rapidly, Colour Life also focused on the enhancement of service quality. In 2016, the intelligent community model of Colour Life experienced the upgrade from version 3.0 to version 3.3 by adding the function of sweeping two-dimensional code to unlock door (二維碼掃碼開門功能) and the system of identifying car plate in the car park (停車場車牌識別系統). Besides, it has also developed the community neighbourhood sector (社區鄰里版塊) to provide residents with convenience in life. It has also strengthened the multiple entry points of the Caizhiyun APP. Moreover, the intelligent community version 3.3 is further enhanced in term of organization, professionalization and commercialization (including but not limited to E Payment, E Parking, E Elevator, E Safety, E Housekeeping, E Maintenance, E Rental and E Wealth Management) which further developed the community B2F ecosystem through various aspects such as users' requirement and efficient support. In 2016, the Colour Life Group has completed hardware upgrade and transformation for 624 communities (part of which are the second upgrade of the original upgraded communities), the total accumulated number of upgraded communities reached 1,227. Through continuous upgrade and transformation, the brand influence of Colour Life further strengthened. According to the 2016 China Top 100 Property Service Companies report published by the China Index Academy, among the ten leading enterprises in the category of top 100 property service enterprises with highest satisfaction, Colour Life ranked the sixth, same as 2015 and going up one rank as compared to 2014.

With regard to the online platform of Colour Life, as of 31 December 2016, registered users of Caizhiyun increased to 3.03 million, of which 1.74 million were active users, each representing an increase of 51.1% and 102.4% respectively as compared to the end of 2015, and keeping the degree of activeness at the level of 57.4%. Moving onto a fast track of restructuring and upgrading in 2016, the order per day for E Maintenance, a vertical application platform Colour Life operated jointly with a third party, exceeded 10,000. E energy, E Rental, E Parking and other business also gradually contributed income. These outstanding operating statistics showed that the construction of Colour Life ecosphere has yielded greater results. For the year 2016, the revenue of the value-added business of Colour Life amounted to RMB156.9 million, recording 48.1% year-on-year (YoY) growth and a high gross profit margin at 91.9%, attributable to 30.2% of Colour Life's profit and was the second large source of income and revenue, which marked the result of the transformation and upgrade of Colour Life became evident.

In particular, it is important to emphasize that "Two Colours", the two core products of Colour Life, made a breakthrough in 2016. As of 31 December 2016, the accumulated new investment amount of the year of "Colour Wealth Life Value-added Plan" amounted to RMB1,819.1 million. Meanwhile, Colour Life Residence changed the sales behavior of the property developers from one-off to the "Flats Plus Service" sales mode, which was implemented in 39 cities in China, such as Nanjing, Chengdu, Changsha, Wuhan, Xuzhou, Fuzhou, Wuxi and Huizhou. Colour Life Residence also entered in cooperation agreements with 27 developers, such as Anhui Goocoo Group (安徽國購集團) and Xi'an Ronghua Group (西安榮華集團). As of 31 December 2016, the accumulated completed sales of Colour Life Residence in the year were 4,513 units whilst the "meal coupons" returned to the purchasers from Colour Life Residence. Through group purchase of products and services, Colour Life realized the value of "meal coupons" whilst the linking of the commercial ecosphere of Colour Life by meal coupons further promoted and completed the ecosphere.

Along with the completion of the establishment of the fundamental technical ecological structure and the business ecology becoming matured, Colour Life starts to seek a lighter and faster growth with higher standard of quality. In the second half of 2016, Colour Life built new platforms and commenced strategic cooperation with different parties. On one hand, Colour Life, depending on the partner's requirements and relying on its own experience, helped its partner to achieve the enhancement of efficiency and quality of the basic services. On the other hand, through the support of fundamental technology, Colour Life achieved the complete launch of Caizhiyun platform and ecosphere, assisted its partners in saving research and development investment and shared the revenue from value-added services. In November 2016, Colour Life and Shanghai Yinwan Life Network Co., Ltd. (上海銀灣生活網絡股份有限公司) ("Yinwan Network") announced that they entered into strategic cooperation. Residents living in the area managed by Yinwan Network and its Silver Key Alliance (floor area of 367.5 million sq.m.) will be able to use the platforms and services of Colour Life gradually. As of 31 December 2016, the area of service platform of Colour Life reached 769.5 million sq.m., including area of 395.1 million sq.m. under its management and area of 374.4 million sq.m. under joint management. The continual increase in the area of the service platform will further promote the growth of the value-added business, and thus accelerate the overall transformation and upgrade of the Group.

Home E&E

The shares of the Group's Shenzhen Home E&E Commercial Services Group Co., Ltd. (深圳市美易家商務服務集團有限公司) ("Home E&E", and together with its subsidiaries the "Home E&E Group") were quoted in the New Third Board in December 2015. In June 2016, Home E&E, leveraging on its corporate profitability on the basis of its high quality property services, its innovative capacity on business model and solid financial performance, successfully achieved a new milestone of listing in NEEQ. In 2016, through its high-end service quality and the financial leverage strategies, Home E&E Group continued to deploy its capital to acquire small and medium property enterprises, among which, it assisted Fantasia Group to take over Wanda Property and became the management consultant of Wanxiangmei Property Management (萬象美物業管理) in August as well as acquired the equity in Aerospace Property (航天物業) and became its largest shareholder in December. The implementation of the new business model further improves the project layout throughout China, realising rapid growth in management scale and efficiency.

As at the end of 2016, projects under Home E&E management covered 38 cities in China, 16 branches were set up and the area under its management was 18.8 million sq.m., forming a strategic layout that covered the core regions of China.

Looking forward, through the implementation of property management and new business, the Company has applied the internet of things and internet technology into property management activities for practical use, and promoted the development of property management in a more professional, smart and automated direction to lower management costs and optimize client's experience, and provide higher standard of services to clients. All of such initiatives make Home E&E Group develop into China's leading commercial community services provider.

Financial Group

Community finance is the important driving force and core business sector in the Group's "Community Plus" strategy. Since the launching in 2013, relying on the Group's strong community service operating platform and making use of the innovative internet finance model, a new path way of development for the unique Fantasia "Community Plus Finance" was opened up through the provision of a variety of financial services such as internet financial platform, insurance brokerage, financial leasing, third party payment and factoring, with easy access in the community setting.

Qian Sheng Hua (錢生花), the online financial platform of the Community Financial Group, now covers the mainstream online channels such as PC based computer and app-based mobile phone channels. During the year, by adhering to the belief "to provide sophisticated community finance service", Qian Sheng Hua delved into the financial needs of community users and actively cooperated with monitoring requirements, whilst increased the intensity and frequency of the activities in each channel in both personal wealth management and corporate large-scale investments. Adhering to its foothold in the community and insisting on the strategy of opening up channels and platforms, Qian Sheng Hua provides all weather service to the property owners and launches the micro credit on O2O, an innovative community service platform, and strives to be one of the key elements in the community operational chain. In 2016, the number of registered users was 1.2 million and the entire invested amount was RMB2,914 million; the total revenue was RMB73.28 million and the net profit was RMB6.01 million for the year.

Zhong An Xin (中安信), an insurance broker, is currently in strategic cooperation with major insurance companies in China. In 2016, Zhong An Xin completed the integration with Community Financial Group's internal insurance business, covering the Fraudulent Use of Credit Card Insurance, Capital Account Security Insurance, and Customized Borrowers Accident Insurance. In 2017, the insurance broker will conduct in-depth research on the selling points of the products while promoting the comprehensiveness and diversity of the insurance products on the basis of the compliance of insurance products. Meanwhile, Zhong An Xin will promote the redevelopment of products to focus on the needs of the community family users and build insurance sales platform on the internet.

Heying Financial Leasing (合盈融資租賃) successfully built a business model of community leasing. Financial services have received stable leasing return through its penetration into the community while maintaining excellent assets quality amid the increased in overall market risks. During the year, the Group has successfully entered into the capital market through various partnerships, raising brand reputation further. In 2016, financial leasing successfully penetrated into the internal community leasing markets such as Colour Life and Jiefang District, devoting over RMB300 million contracted amount to intelligent facility projects including gateway and escalators.

Looking forward, the Group's community finance sector will continue to focus on the integration of online and offline ("O2O") service platforms of innovative community finance, and provide innovative, convenient, comprehensive and valuable financial services for customers, and endeavours to become the linkage of the community's family wealth management.

Business Management

Urban complex is one of the most important product categories offered by the real estate sector of the Group. Consolidating the experience accumulated over the past 18 years, the Group adheres to its mission to pursue innovative business model and diversified business offerings. In attaining its goal, Fantasia Business Management Company Limited, a wholly-owned subsidiary of the Group, successfully recruited many industry talents and actively participated in the operational planning, business solicitation as well as investment solicitation for certain large scale projects of the Group during the Period. Meanwhile, it also engaged in the provision of various services which are light assets in nature, such as agency service, consultation service as well as entrusted operation and management for commercial projects operated by external parties.

Nanjing OMG Mall, a project developed and operated by Fantasia Business Management Company Limited ("Fantasia Business Management"), which is a wholly-owned subsidiary of the Group, commenced operation on 28 September 2014 and has entered the maturity stage with an accumulated income of over RMB25 million in 2016, with an occupancy rate of over 90% while the profile of brands that have set up business kept optimising. Nanjing OMG Mall has become a renowned community business complex, providing entertainment, leisure, culture and lifestyle experience. Guilin OMG Mall, developed and operated by Fantasia Business Management, commenced operation on 19 June 2015, with an accumulated income of nearly RMB12 million in 2016, with an occupancy rate of over 80%. Guilin OMG Mall has attracted many famous brands from China and overseas, most of which are entering Guilin market for the first time. With plenty of shops offering a great variety of services and products, Guilin OMG Mall has become the flagship shopping center in Lingui New District, or even Guilin City. "Fantasia World Outlet" Project in Pi County, Chengdu commenced operation on 23 December 2016. Chengdu Hongtang and Suzhou Hongtang have fully secured intents of settling in with first and second tier brands. Preparation works of openings are well underway.

In 2016, Fantasia Business Management has proactively expanded its commercial light assets projects throughout China engaging various regions such as the East China, South China, Central China, North China and Southwest China, as the pivots to leverage the whole market in China, the management output over 30 business projects in accumulation, covering the provinces of Tibet, Jiangxi, Jilin, Jiangsu, Sichuan, Zhejiang, Guangdong, Hunan and Guizhou etc. "Yulongwan Commercial Square, Yangzhou, Jiangsu province" (江蘇揚州御龍灣商業廣場), a light assets operation project of Fantasia Business Management, commenced operations on 28 April 2016, with an occupancy rate of over 95%. Also, Lhasa Fantasia World Outlet (拉薩花樣世界奧特萊斯) project commenced operations on 20 August 2016, with an occupancy rate of over 70%. Meanwhile, the brand recognition of "OMG Mall", "Hongtang" and "Fantasia World Outlet" was further strengthened; commercial brands business and the granting of naming right have resulted in win-win situation for property owners and the management side. Following the development of light assets management business, Fantasia Business Management can provide better quality service to property owners throughout China, which will generate more fruitful returns.

The brand image and recognition of business projects operated by Fantasia have improved significantly and the Group has gained unique brand influence in the industry. Fantasia Business Management will continue to expand its scale of operation on business asset entrusted management and adopt the strategy of managing both light and heavy assets simultaneously to explore heavy asset business on the original basis of asset entrusted management services. The Group believes that Fantasia Business Management will generate a stable and growing return in the future.

Cultural and Tourism Group

In 2014, Fantasia Cultural and Tourism Group was taking shape and its businesses covered hotels, golf courses, urban clubhouses, private clubs, theme parks, art museums and engineering consultation. In 2015, Cultural and Tourism Group, having inherited the "Internet Plus Community" concept, continued on the path of developing light assets, targeting both the domestic and the overseas markets, with commitment to consolidating and refining the cultural tourism resources.

In 2016, Fantasia Cultural and Tourism Company (花樣年文化旅遊公司) ("Fantasia Cultural and Tourism", and together with its subsidiaries the "Fantasia Cultural and Tourism Group"), a wholly-owned subsidiary of the Group, put "Hotel Plus Travel" on the highest priority. In response to the call of the Group, Fantasia Cultural and Tourism adopted a 'lighter' corporate structure through adjusting the organization structure of Cultural and Tourism Group and built a new elite team with core member decreased to 20. Hotel business was also redesigned. The formation of the Wechat platform of "U Hotel" (有園) built an extensive database for hotels while the publicity of U Hotel was raised through the Wechat platform to promote cultural activities and enhance the interaction between hotels and customers. The golden-ager market of Geyuan Hotel (個園酒店) already secured a stable and matured source of customers while the regimen market was further enhanced in this year. In August 2016, the project of Jingchuan (涇川花樣年美年文化城), the largest cultural and tourism complex in Gansu region, commenced operation. While leveraging on its own brand and operational advantages on the cultural tourism, Fantasia Cultural and Tourism also take advantage of the special cultural resources on Buddhism, culture of the Queen West (西王母), ecology and regimen to promote the culture and tourism in Jingchuan. In August, Cultural and Tourism commenced the acquisition of Shenzhen Tiantai Travel Agency (深圳天泰旅行社) to build a platform for its community tourism at later stage and lay the foundation for its comprehensive accommodation business.

In 2017, Fantasia Cultural and Tourism Group will establish a more effective connection with its community's client groups so as to offer its clients better options. Meanwhile, the real estate business sector will interact with the heavy asset business sector. The Group will also speed up the promotion of business with airlines such as Tengda (騰達) and the development of tourism business at small towns and scenic villages to explore new tourism resources.

Futainian

In 2016, Shenzhen Futainian Investment Management Co., Ltd. (深圳福泰年投資管理有限公司) ("Futainian"), a wholly-owned subsidiary of the Group, continued its thorough study on the consumer behaviour of the senior citizens and core healthcare products and services for senior citizens, as well as established a Futainian membership system, where the number of members keeps increasing. Futainian considered health management as a value-added service and used smart senior care facilities to build an extensive smart database for senior citizens. For the operation of retirement institutions, Fulin Retirement Home, the first mid-to-high end retirement home established by Futainian, was well received by the market. Meanwhile, Futainian participated in the government's procurement projects on homecare services and explored the method and standard of home-based homecare service. In respect of product line and services, Futainian offered services such as senior group travelling, home-based homecare, health management, rehabilitation and senior university.

In 2017, Futainian will continue to focus on the collaboration of institutional service, community service and homecare service and to further implement the "3-in-1" retirement life service system and to gradually complete the three retirement service product lines of institutional service, community service and homecare service so as to build a one-stop retirement service model. In respect of institution operation, Futainian will continue to optimize the operation capability of Fulin Retirement Home in order to achieve quick expansion, to establish the advantage of being a chain retirement home. In respect of community retirement service, Futainian will integrate the resources from all aspects of retirement service, put focus on the membership system, consider health management as a value-added service, and use smart senior care facilities to build an extensive smart database for senior citizens. In respect of homecare service, Futainian will proactively undertake and engage in the government's procurement projects on homecare services and carry out home-based homecare service. It will also conduct studies on senior citizens and emphasize on whole-person management by focusing on the body functions of the senior citizens so as to avoid or delay their loss of capacity; or to provide rehabilitation to the fully or partly incapacitated senior citizens so to raise their quality of living, ease the burdens of the families and relieve stress on retirement care of society and the government.

Education

To match the needs of rapid business growth and to build harmonious families, the education sector of the Group seeks to build an innovative industrial platform based on the long term planning and the strategic layout of the four major communities and four major applications.

The education sector will focus on family and integrate internal resources of the Group, Colour Life, Jiefang District, and Guilin Hehenian Microcredit Company Limited ("Hehenian") and external resources on education, business and community to build platforms for modern education service and child development experience. The platforms offer high quality servicing staff that can provide unique experience and environment for the growth of the children and family education for families in the communities.

In 2016, the education sector of the Group such as community education, occupational training and civil education developed rapidly, with several projects successfully implemented. Community education commenced in May 2016 and the first child development experience center started its operation. Educational experts from China and overseas were also introduced to establish a community curriculum system. The child development experience center linked our own property brand with families in the community and enhanced the in-depth interaction between them. The innovative model drew the attention of many educational institutions, government and media. In October 2016, being benefited from the well establishment of the system at early stage, community education commenced and launched projects to diversify its profit sources. The first two projects were successfully implemented in Bao'an District, Shenzhen.

Occupational training and community education of the education sector are complementary to each other. Through the training of quality family service staff, families' daily sore points could be relieved. Leveraging on the community resources of Colour Life and Jiefang District, and the internet platform, over 40 communities have been covered by the occupational training business, which established close connection with users and was able to collect large amount of family data samples. The 37 service courses, training systems, and service launching systems it offered were generally well received by the residents of the communities. Looking forward, occupational training sector will further focus on the explicit and implicit needs of the community families and continuously provide high quality service talents and new mode of community interactions to the communities through the Internet and the share model of community, so as to provide the service staff better and broader employment platforms and opportunities.

In respect of civil education, Fantasia Group closely collaborated with the Chengdu Foreign Languages School to build the largest education and art complex in Southwest China in 2016. They also established the Meinian Campus of the Primary School Attached to Chengdu Foreign Languages School. The first kindergarten project under the education sector will also be carried out in Huizhou in the future.

Looking ahead, the education sector of the Group will rapidly expand the community education, occupational training and civil education mainly in first and second-tier cities in China. Through brand establishment and high-quality product service, the education sector will provide the community families with quick, convenient and excellent solutions on education and bring values to the positive development of society, enterprises, families and individuals.


Guilin Lakeside Eden

EXECUTIVE DIRECTORS

Mr. PAN Jun (潘軍), aged 46, is the chairman of the Board, an executive Director, the chief executive officer, the chairman of the Company's nomination committee, and a member of the Company's remuneration committee. He joined the Group in 1999 and is responsible for the overall operation of the Group's projects, the formulation of our development strategies, as well as supervising the project planning, business and operation management of the Group. He is also currently the president of Fantasia Group (China) Company Limited, the president of Shenzhen Fantasia Real Estate Group Limited and the director of a number of the Group's subsidiaries including a non-executive director of Colour Life. Prior to joining the Group, Mr. Pan was the project manager, the manager of the marketing department, the manager of the valuation department and the assistant to the general manager of World Union Real Estate Consultancy (Shenzhen) Ltd. (世聯地產顧問(深圳)有限公司). Mr. Pan obtained a Bachelor's degree in Conservancy and Hydropower Engineering from Chengdu University of Science and Technology (成都科技大學), now Sichuan University (四川大學), in 1992 and holds an EMBA degree from Tsinghua University. Mr. Pan is also a registered property valuer in China and a member of the Shenzhen Institution of Real Estate Appraisers (深圳市不動產估價學會).

Ms. ZENG Jie, Baby (曾寶寶), is an executive Director of the Company. She is also a member of the Company's nomination committee. Ms. Zeng is one of the controlling shareholders and the largest shareholder of the Company.

Mr. LAM Kam Tong (林錦堂), aged 48, is an executive Director, the chief financial officer and the company secretary of the Company. Mr. Lam joined the Group in May 2012 and is responsible for financial management, investor relations, and financial planning of the Group, as well as the management of the Company's Hong Kong branch and he is a non-executive director of Colour Life. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lam received his Bachelor's degree in Business Administration from the Chinese University of Hong Kong in July 1991. He has over 14 years of experience in professional auditing as well as extensive experience in the areas of investor relations management, auditing, mergers and acquisitions and offshore financing. Mr. Lam is currently an independent non-executive director of Pegasus Entertainment Holdings Limited (天馬娛樂控股有限公司), a company listed on the Main Board of the Stock Exchange. Before joining the Group, Mr. Lam was an executive director, the chief financial officer and company secretary of China Aoyuan Property Group Ltd. (中國奧園地產股份有限公司), a company listed on the Main Board of the Stock Exchange, for over three years. From May 2006 to October 2008, Mr. Lam was the chief financial officer, company secretary and qualified accountant of Greentown China Holdings Ltd. (綠城中國控股有限公司), another listed company on the Main Board of the Stock Exchange. From November 2010 to March 2014, he was an independent non-executive director of Sheng Yuan Holdings Limited (盛源控股有限公司), a company listed on the Main Board of the Stock Exchange.

Mr. DENG Bo (鄧波), aged 48, is an executive Director of Company. Mr. Deng currently serves as the assistant chief executive of Fantasia Group (China) Company Limited, a wholly-owned subsidiary of the Company, and is responsible for the strategy management department, information department, mass data center, Leed Home Company (立得屋公司), the Company's Japan branch, Soushe Community Services Development Research Institute (搜社社區服務發展研究院) and Innovative Financial Research Institute (創新金融研究院) (authorized custodian).

Mr. Deng graduated from Hunan University in June 1989 with a Bachelor's degree in Architectural Studies. He also earned a Master's degree in Architectural Studies from the same university in July 1995. Prior to joining the Company, Mr. Deng held the position of investment development director of Oceanwide Real Estate Group from December 1998 to April 2010; from May 1997 to November 1998, he served as a design director of Shenzhen Grand Field Real Estate Development Co., Limited (深圳市鈞濠房地產開發有限公司); from July 1995 to May 1997, he served as an architectural designer of Shenzhen Nanyou Engineering Design Limited Company; and from August 1990 to March 1992, he served as an architectural designer of Changsha Institute of Architectural Design. Mr. Deng has not held any directorships in any companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

NON-EXECUTIVE DIRECTORS

Mr. LI Dong Sheng (李東生), aged 59, is a non-executive Director of the Company. He graduated from South China University of Technology in 1982 with a Bachelor's degree in Radio Technology and has more than 19 years of experience in the information technology field. Currently, Mr. Li is the chairman and CEO of TCL Corporation (TCL 集團股份有限公司), the Chairman of TCL Multimedia Technology Holdings Limited ("TCL Multimedia") and TCL Communication Technology Holdings Limited ("TCL Communication"), both of TCL Multimedia and TCL Communication are companies listed on the Stock Exchange, all of which produce consumer electronic products. He is also an independent non-executive director of Tencent Holdings Limited, a company listed on the Stock Exchange, and an independent director of Legrand, a company listed on NYSE Euronext.

Mr. YUAN Hao Dong (袁浩東), aged 44, is a non-executive Director of the Company. He graduated from Huazhong University of Science and Technology in December 2000 with a Master's degree in Business Administration and Management and has more than 11 years of work experience in financial management, corporate finance and merger and acquisition areas. Mr. Yuan joined TCL Corporation in 2000 as the senior manager of the strategic development department. Between 2002 and 2009, he was the finance manager of various subsidiaries of TCL Corporation and the vice general manager of the strategic investment centre and was generally responsible for planning and carrying out reorganization and merger and acquisition activities. Since 2012, he has been the general manager of the investment banking department of TCL Corporation. He is generally responsible for building capital platforms, implementing capital finance strategies, carrying out investments and dealing with matters concerning the acquisition and disposal of assets. Mr. Yuan was also the chief financial officer of Shenzhen Huaxing Electric Technology Co., Ltd. (深圳市華星光電技術有限公司) in 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HO Man (何敏), aged 48, is an independent non-executive Director of the Company. He is also the chairman of the Company's audit committee and a member of each of the Company's remuneration committee and nomination committee, respectively. Mr. Ho is currently managing director of an investment holding company. Prior to that, Mr. Ho served as an executive partner representative of a Chengdu-based private equity investment fund from December 2011 to May 2014. Mr. Ho worked for a Hong Kong based private fund management company during January 2010 to December 2013 and was a managing director and head of China growth and expansion capital of CLSA Capital Partners which he worked for during August 1997 to October 2009. Mr. Ho was the independent non-executive director and member of the audit committee of SCUD Group Limited and Shanghai Tonva Petrochemical Co., Ltd., both companies are listed on the Main Board of the Stock Exchange, from December 2006 to October 2009 and from September 2008 to October 2009, respectively. Mr. Ho has been the independent non-executive director and chairman of the audit committee of Fu Shou Yuan International Group Limited, a company listed on the Main Board of the Stock Exchange since December 2013; an independent non-executive director of Shenzhen Form Syntron Information Company Limited, a company listed on the ChiNext of Shenzhen Stock Exchange, since February 2012; an independent non-executive director of China Fire Safety Enterprise Group Limited, a company listed on the Main Board of the Stock Exchange, since July 2015; a director of Shenzhen Daxiang United Space Construction Ltd, a company listed in the National Equities Exchange and Quotations, since September 2015; and an independent non-executive director of Infinity Financial Group (Holdings) Limited , a company listed on the Main Board of the Stock Exchange, since November 2016. Mr. Ho has over 18 years of working experience in private equity investment and finance.

Mr. Ho was awarded an EMBA degree from Tsinghua University and a master's degree in finance from the London Business School. He is also a Chartered Financial Analyst charterholder and a Certified Public Accountant.

Mr. HUANG Ming (黃明), aged 52, is an independent non-executive Director of the Company. He is the chairman of the Company's remuneration committee and a member of each of the Company's audit committee and nomination committee, respectively. He has been a Professor of Finance at the Johnson Graduate School of Management at Cornell University since July 2005 and the Head of School of Finance of Shanghai University of Finance and Economics from 2006 to April 2009. Mr. Huang was an Assistant Professor of Finance at Stanford University, Graduate School of Business from 1998 to 2002. He was also the Associate Dean, visiting Professor of Finance and the Professor of Finance at the Cheung Kong Graduate School of Business (長江商學院) from 2004 to 2005 and from 2008 to 2010 respectively. Since July 2010, He has been a Professor of Finance at the China Europe International Business School (中歐國際工商學院). He graduated from Peking University in 1985 majoring in Physics. Mr. Huang then obtained a Ph.D in Physics and a Ph.D in Business from Cornell University and Stanford University respectively. Mr. Huang was a non-executive director of the Annuity Fund Management Board of China National Petroleum Corporation (中國石油天然氣集團年金理事會) and an independent non-executive director of Qihoo 360 Technology Co. Ltd. (奇虎360科技有限公司) whose shares were traded at New York Stock Exchange and a non-executive director of Tebon Securities Co., Ltd. (德邦證券有限公司). Since 2008, Mr. Huang has been an independent director of Yingli Green Energy Holdings Co., Ltd. (英利綠色能源控股有限公司), a company listed on the New York Stock Exchange. He is currently a non-executive director of 360buy Group (京東商城集團) and Guosen Securities Company Limited (國信證券有限公司). Mr. Huang is also an independent non-executive director of each of China Medical System Holdings Limited and WH Group Limited, both are companies listed on the Main Board of the Stock Exchange.

Dr. LIAO Jianwen (廖建文), aged 49, is an independent non-executive Director of the Company. He is also a member of each of the Company's audit committee, remuneration committee and nomination committee, respectively. Dr. Liao has extensive business research and teaching experience in the United States, Hong Kong and the People's Republic of China (the "PRC"). He has been an associate dean and professor of managerial practice in strategy and innovation at the Cheung Kong Graduate School of Business (長江商學院) since January 2012. Prior to that, Dr. Liao was an associate professor at the Stuart School of Business in Illinois Institute of Technology from 2006 to 2012. In 2001, he was also a visiting professor at Hong Kong University of Science and Technology. Dr. Liao received a Doctorate degree in business administration from Southern Illinois University at Carbondale (USA) in August 1996, a Master's degree in economics from Renmin University of China (中國人民大學) in February 1991, and a Bachelor's degree in industry engineering from Northeastern University (東北大學) (formerly known as Northeastern Institute of Technology (東北工學院)) in July 1988. He served as an independent non-executive director of Qihoo 360 whose shares were traded at New York Stock Exchange and an independent non-executive director of China Mengniu Dairy Company Limited whose share were traded on the Main Board of the Stock Exchange. Dr. Liao is currently an independent non-executive director of Colour Life and 361 Degrees International Limited, the companies are listed on the Main Board of the Stock Exchange.

Ms. WONG Pui-sze, Priscilla, JP (王沛詩), aged 56, is an independent non-executive Director of the Company. She is also a member of each of the Company's audit committee, remuneration committee and nomination committee, respectively. Ms. Wong was appointed a Justice of the Peace in 2005. She is a member of Chinese People's Political Consultative Conference, Shanghai Committee in the PRC. In Hong Kong, Ms. Wong serves as the Chairman of Appeal Board Panel (Consumer Good Safety), the Chairman of Employees Compensation Assistance Fund Board, a member of Court of University of Hong Kong, a member of Panel of the Witness Protection Review Board, a member of Financial Reporting Review Panel and a member of Hong Kong Bar Association Special Committee on Overseas Admissions (Civil). She graduated with a Bachelor of Law (Hons) degree from the University of Hong Kong and a Master of Laws degree from The London School of Economics and Political Science of The University of London. Ms. Wong was called to the Bar in Hong Kong in 1985 and is a practising barrister in Hong Kong. She is a mediator of Centre for Effective Dispute Resolution and an arbitrator of China International Economic and Trade Arbitration Commission. Ms. Wong is also an advocate and solicitor admitted in Singapore.

Mr. GUO Shaomu (郭少牧), aged 51, is an independent non-executive Director of the Company. He is also a member of each of the audit committee, remuneration committee and nomination committee, respectively. He has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate director of corporate finance of Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. Since January 2014, Mr. Guo has been an independent non-executive director of Galaxycore Inc., a leading China-based fabless image sensor company targeting the global mobile device and consumer electronics market. Since June 2014, Mr. Guo has been an independent non-executive director of Yida China Holdings Limited (a company listed on the Main Board the Stock Exchange), a real estate developer based in Dalian, China. Mr. Guo received his bachelor's degree in electrical engineering from Zhejiang University in July 1989, a master's degree in computer engineering from the University of Southern California in May 1993 and a master's degree in business administration from the School of Management of Yale University in May 1998.

Ms. LI Chuanyu (李傳玉), aged 49, is the deputy chief executive of Fantasia Group (China) Co., Limited. She is responsible for the management of the Fantasia Foundation (花樣年基金公司) and the Company's Singapore branch (新加坡公司). She is also the director of a number of subsidiaries of the Group. Ms. Li joined the Group in May 2001 and was the deputy chief executive of the Shenzhen Fantasia Real Estate Group Limited, and was responsible for the financial management department, fund planning department, cost control department of the control center, development center (發展中心) and general contracting company (planning) (總承包公司(籌)) from 2011 to 2015. From 2001 to 2011, she was the chief financial officer of Shenzhen Fantasia Real Estate Group Limited, as well as the chief financial officer and the general manager of the financial management department of Fantasia Property Group Limited. Prior to joining the Group, she was the deputy manager of the financial department of Shenzhen Zhujiang Industry Company (深圳珠江實業公司) from 1996 to 2001. Ms. Li received a Master's degree in international accounting (國際會計) from the City University of Hong Kong in 2006.

Mr. JIAN Jianxun (簡堅訓), aged 47, is the assistant chief executive of Fantasia Group (China) Co., Limited, and is responsible for legal department (法律事務部) and audit monitoring department (審計監察部), trading company (貿易公司), the Company's USA branch (美國公司) and Tianwei Company (天緯公司). He is also the chief executive of Cultural and Tourism Group (文旅集團). Mr. Jian joined the Group in March 2014 and served as the general counsel (法務長) of Fantasia Holdings Group (China) Co., Limited from 2014 to 2015. Prior to joining the Group, he was a lawyer of Zhong Yin Law Firm in Beijing (北京中銀律師事務所) from 2013 to 2014 and senior legal specialist (法務高專), deputy manager (副理), manager, assistant manager (協理), deputy general manager (chief compliance officer (合規總監) and general counsel of the Group (集團法務長)) of Polaris Financial Group (寶來金融集團) from 2001 to 2012. Mr. Jian received a PhD in Law from University of International Business and Economics (對外經濟貿易大學) in 2013 and a Master's degree in International Laws (國際法) from Tamkang University (淡江大學) in Taiwan in 1998.

Ms. ZHANG Xiaofang (張曉芳), aged 49, is the assistant chief executive of Fantasia Group (China) Co., Limited, and is responsible for the management of the Chief Executive Office (總裁辦) of China Group (中國集團), human resources department, Charity Foundation (公益基金會) and Qiertang Company (七二唐公司). Ms. Zhang joined the Group in December 2016. Prior to joining the Group, she was the deputy chief executive of Qianhai Fosun Ruizhe Asset Management Co., Ltd. (前海複星瑞哲資產管理有限公司) from 2014 to 2016; the senior management consultant (高級管理顧問) of Jin Tong Asset Management Company Limited (金通資產管理有限責任公司) from 2013 to 2014; the deputy chief executive and the acting CEO of Chinalin Securities Co., Ltd. (華林證券有限責任公司) from 2011 to 2013; the assistant of general manager (administrative planning), the general manager of human resources centre (staff service) and the general manager of human resources department of Ping An Group of China (中國平安集團) from 1999 to 2011; the deputy librarian (副館長) of the Heilongjiang University Yichun Campus Library (黑龍江大學分校圖書館) from 1993 to 1999 and a staff member of Yichun Municipal Archives Bureau (伊春市檔案局) from 1990 to 1993. Ms. Zhang obtained her Bachelor's degree in Library Science (圖書情報) from Heilongjiang University in 1990.

Mr. OUYANG Jun (歐陽軍), aged 44, is the assistant chief executive of Fantasia Group (China) Co,. Limited, and is responsible for the management of the headquarters in Beijing, fund planning department and asset management department of China Group and the Company's UK branch (英國公司). Mr. Ouyang joined the Group in January 2017. Prior to joining the Group, he was the general manager of the investment banking business department (投行事業部) of Shenzhen Jushenghua Co., Limited (深圳市鉅盛華股份有限公司) in 2016; the head (科長) of corporate business sector (機構業務處), the assistant of the head (處長) of corporate banking department (公司銀行處), the general manager of the property and finance business department (sales management) and the general manager of asset management of China Minsheng Bank, Beijing Branch (中國民生銀行北京分行) from 2003 to 2016; chief manager (主辦經理) of the corporate business department of Shanghai Pudong Development Bank, Beijing Branch (上海浦東發展銀行北京分行) from 1998 to 2003 and a staff member of accounting and settlement department and the deputy officer (副主任) of export-supplier credit department (出口賣方信貸部) of the Export-Import Bank of China (中國進出口銀行) from 1995 to 1998. Mr. Ouyang obtained his Master's degree in Monetary Finance from Peking University in 2003 and his Bachelor's degree in Accountancy from Beijing Institute of Economics in 1995.

Mr. ZHOU Jinquan (周錦泉), aged 51, is the chief executive officer of Shenzhen Qianhai Fantasia Financial Community Group Company Limited, a wholly-owned subsidiary of the Company. Mr. Zhou joined the Group in January 2013 and is responsible for the business development and management of the community finance. Prior to joining the Group, he was the deputy president of China Resources Bank of Zhuhai Head Office (珠海華潤銀行總行) from 2011 to 2013, the deputy president of Guangxi Beibu Gulf Bank Head Office (廣西北灣銀行總行) from 2008 to 2011, the assistant of the president of Guosen Securities (國信證券) from 2004 to 2008, the general manager of International Department of Guoyuan Securities (國元證券國際部) from 2001 to 2004, the deputy general manager of International Department, the general manager of Business Department and Institution Department of Industrial and Commercial Bank, Shenzhen Branch (工商銀行深圳分行) from 1994 to 2001, the staff member of General Office of Guangdong Provincial Government Institute of International Economic Technology (廣東省政府辦公廳國際經濟技術研究所) from 1992 to 1994 and the staff member of Industrial and Commercial Bank, Beijing Branch, Haidian Office (工商銀行北京分行海淀分理處) from 1989 to 1990. Mr. Zhou obtained a Bachelor's degree in International Finance from Renmin University of China in 1989 and a Master's degree in International Finance from Renmin University of China in 1992.

Mr. LIU Zongbao (劉宗保), aged 49, is the president of Shenzhen Fantasia Real Estate Group Company Limited and is also the director of a number of subsidiaries of the Group. Mr. Liu joined the Group in March 2005 and served as the sales director of our Company and the deputy general manager and general manager of the Chengdu branch of Fantasia Real Estate Group, as well as the vice president of Shenzhen Fantasia Real Estate Group Company Limited. Prior to joining our Group, he was the deputy general manager of Shenzhen Zhonglian Real Estate Development Co., Ltd. (深圳市中聯房地產企業發展有限公司) from 2004 to 2005 and the manager of the sales and marketing department of Shenzhen Xinghe Real Estate Development Co., Ltd. (深圳市星河房地產開發公司) from 2001 to 2003. Mr. Liu received his Bachelor's degree in construction management engineering from Southeast University (東南大學) in 1991. He is now studying in China Europe International Business School for EMBA.

Mr. TANG Xuebin (唐學斌), aged 50, was appointed as a director of Colour Life on 30 October 2012 and was redesignated as an executive director of Colour Life on 11 June 2014. He is also the chief executive officer of Colour Life. He joined the Group in 2002 and is responsible for the operation and management of Colour Life Group. He also serves as the general manager of a number of subsidiaries of Colour Life Group. Mr. Tang has over 15 years of experience in property management. Prior to joining the Group, he worked at China Overseas Property Management Co., Ltd. (中海物業管理有限公司), a company which is principally engaged in property management, from 1997 to 2001, where his last position held was the deputy general manager and was primarily responsible for the management of engineering department. Mr. Tang obtained a Bachelor's degree in industrial electrical automation (工業電氣自動化) from Tongji University (同濟大學) in July 1993, an Executive Master of Business Administration degree ("EMBA degree") from China Europe International Business School (中歐國際工商學院) in September 2010 and an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in June 2012.

Mr. CHEN Xiangming (陳湘明), aged 48, is the president of Shenzhen Home E&E Commercial Services Group Co. Ltd. (深圳市美易家商務服務集團有限公司). He joined the Group in July 2012 and is responsible for the overall management of Shenzhen Home E&E Commercial Services Group Co. Ltd.. Prior to joining the Group, he was the general manager of Shenzhen Baopu Property Service Co., Ltd. (深圳市抱樸物業服務有限公司) from 2011 to 2012, the general manager of Shenzhen Terra Property Management Service Co., Ltd. (深圳市泰然物業管理服務有限公司) from 2007 to 2011, the general manager of Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限公司) from 2006 to 2007, and the vice-general manager of Shenzhen Fantasia Property Management Co., Ltd. (深圳市花樣年物業管理有限公司) from 2002 to 2006. Mr. Chen completed his tertiary education in Safety Engineering from Hunan University Hengyang Campus in 1992.

Mr. QIU Zhidong (邱志東), aged 51, is the president of Shenzhen Fantasia Business Management Company Limited (深圳花樣年商業管理有限公司). Mr. Qiu joined the Group in June 2013 and is responsible for the overall daily operation and management of Shenzhen Fantasia Business Management Company Limited. Prior to joining the Group, he was the vice president of Shenzhen Jinguanghua Shiye Group (深圳金光華實業集團) from 2005 to 2013, the managing director of Shenzhen Jinguanghua Business Company Limited (深圳市金光華商業有限公司) from 2003 to 2005, the general manager of Shenzhen Modern Friendship Co., Ltd (現代友誼股份有限公司)/Shenzhen Friendship Department Store Company Limited (深圳友誼城百貨有限公司) from 1997 to 2003, the deputy director of Cadres Division of Organization Department (組織部幹部處) and Managerial Division of Corporate Leading Officers (企業領導人員管理處) of Shenzhen Municipal Committee of CPC (中共深圳市委) from 1992 to 1997, the official of Cadre Department of Organization Department of Chaozhou Municipal Committee of CPC (中共潮州市委組織部幹部科) from 1988 to 1992 and the teacher of Chaozhou High School (潮州高級中學) in Guangdong in 1988. Mr. Qiu received a Master's degree in Business Administration from Hong Kong Baptist University in 2003 and a Bachelor's degree in Computer Science from Hanshan Normal University (韓山師範學院) in Guangdong Province in 1988.


Shenzhen LongNian Plaza

Mr. GAO Fei (高飛), aged 44, is the general manager of Qianhai Linlile Technology Services Limited (前海鄰裏樂科技服務有限公司). Mr. Gao joined the Group in December 2013, and served as the chief data and information officer of Fantasia Group (China) Co., Ltd. from 2013 to 2015 and was responsible for the manager of Linlile Company (鄰裏樂公司) and the information department. Prior to joining the Group, he was the system architect, project manager, department manager, product director, general manager and assistant president of Kingdee Software (China) Co., Ltd (金蝶軟件（中國）有限公司) from 2001 to 2013 and the lecturer of Nanchang University (南昌大學) from 1999 to 2001. Mr. Gao received a Master's degree in Business Administration from Guanghua School of Management Peking University (北京大學光華管理學院) in 2007 and a Master's degree in hydraulic and hydro-power engineering from Nanchang University in 1999.


Shenzhen Lung Kei Sea

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 56 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of comprehensive income on page 96.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement, Financial Review and Business Review sections respectively from pages 20 to 28, 29 to 34 and 35 to 52 of this Annual Report. The future development of the Group's business is discussed throughout this Annual Report including in the Chairman's Statement from pages 20 to 28 of this Annual Report. In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in this Annual Report in the Environmental, Social and Governance Report and Corporate Governance Report. This discussion forms part of this Directors' Report.

DIVIDENDS DISTRIBUTION

The Directors recommended the declaration of a final dividend at the rate of HK5.00 cents per share payable on Wednesday, 14 June 2017 to all persons registered as holders of shares of the Company on Thursday, 1 June 2017, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the "AGM"). The aggregate amount shall be paid out of the Company's share premium account.

CLOSURE OF REGISTER OF MEMBERS

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

(a) For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Wednesday, 24 May 2017, the register of members of the Company will be closed on Thursday, 18 May 2017 to Wednesday, 24 May 2017, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 17 May 2017.

(b) For the purpose of determining shareholders of the Company who qualify for the final dividend, the register of members of the Company will be closed on Wednesday, 31 May 2017 to Thursday, 1 June 2017, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 29 May 2017.

SHARE CAPITAL

Details of change during the year in the share capital of the Company are set out in note 44 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 13 to the consolidated financial statements.

RESERVES OF THE COMPANY

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2016 are set out in note 57 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:
Mr. Pan Jun (Chairman)
Ms. Zeng Jie, Baby
Mr. Lam Kam Tong
Mr. Zhou Jinquan (resigned on 17 January 2017)
Mr. Deng Bo (appointed on 17 January 2017)

Non-executive Directors:
Mr. Li Dong Sheng
Mr. Yuan Hao Dong

Independent non-executive Directors:
Mr. Ho Man
Mr. Huang Ming
Dr. Liao Jianwen
Ms. Wong Pui Sze, Priscilla, JP
Mr. Guo Shaomu

In accordance with Article 83(3) of the Articles of Association, Mr. Deng Bo shall hold office until the forthcoming AGM and shall then be eligible for re-election. In accordance with Article 84 of the Articles of Association, Mr. Pan Jun, Mr. Lam Kam Tong, Mr. Ho Man and Dr. Liao Jianwen shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM. A circular containing the explanatory statement on buyback of the shares of the Company, the biographical details of the Director candidates and the notice of the AGM will be sent to shareholders of the Company.

Each of Mr. Pan Jun and Ms. Zeng Jie, Baby entered into a service contract with the Company for an initial term of three years commencing from 25 November 2009. Their service contracts were renewed on 25 November 2015 for another term of three years. Mr. Lam Kam Tong entered into a service contract with the Company for an initial term of three years commencing from 23 May 2012. Mr. Lam was then appointed as executive Director on 28 May 2012. His service contract was renewed on 28 May 2015 for another term of three years. Mr. Deng Bo was appointed as executive Director on 17 January 2017. Mr. Deng has entered into a service contract with the Company for an initial term of three years commencing from 17 January 2017. The above service contracts may only be terminated in accordance with the provisions of such service contract or by either party giving to the other not less than three months prior notice in writing.

Each of the non-executive Directors is appointed for a term of three years commencing on 6 January 2014. Their service contracts were renewed on 6 January 2017 for another term of three years.

Each of Mr. Ho Man and Mr. Huang Ming was appointed as independent non-executive Directors for an initial term of three years commencing from 25 November 2009. Their service contracts were renewed on 25 November 2015 for another term of three years. Each of Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu were appointed as independent non-executive Directors for an initial term of three years commencing from 17 February 2015.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than normal statutory compensation.

SENIOR MANAGEMENT'S EMOLUMENTS

Pursuant to code provision B.1.5, the annual remuneration of the members of the senior management (other than Directors) by bands for the year ended 31 December 2016 is set out below:

	Number of individuals
Nil to HK$1,000,000	49
HK$1,000,001 to HK$2,000,000	29
HK$2,000,001 to HK$3,000,000	7
HK$3,000,001 to HK$4,000,000	0
Above HK$4,000,000	1
	86

Details of the remuneration of each of the Directors for the year ended 31 December 2016 are set out in note 10 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION

As at 31 December 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities in the Stock Exchange (the "Listing Rules") were as follows:

(i) Long positions in the shares and underlying shares of the Company:

Director	Nature of interest	Number of issued ordinary shares of the Company	Interest in underlying Shares of the Company	Approximate percentage of interest in the Company as at 31 December 2016
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,313,090,500(1)	–	57.50%
	Beneficial owner	–	9,980,000(2)	0.17%
Mr. Pan Jun	Beneficial owner	–	9,980,000(2)	0.17%
Mr. Lam Kam Tong	Beneficial owner	–	2,770,000(2)	0.05%
Mr. Ho Man	Beneficial owner	–	1,600,000(2)	0.03%
Mr. Huang Ming	Beneficial owner	–	1,600,000(2)	0.03%

Notes:

(1) Fantasy Pearl International Limited ("Fantasy Pearl") is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"). While Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.

(2) The relevant Director was granted options to subscribe for such number of shares of the Company under the Scheme (as defined under the sub-section headed "Share Option Scheme" in the "Corporate Governance and Other Information" section below) on 29 August 2011.

(ii) Long positions in the debentures of the Company:

– USD250,000,000 aggregate principal amount of its 10.75% senior notes due 2020 ("2020 USD Notes")

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes as at 31 December 2016[1]
Mr. Guo Shaomu	Beneficial owner	USD400,000	0.16%

Note:

(1) The percentage of the interest in the USD Notes is based on the aggregate principal amount of USD250,000,000.

(iii) Long positions in association corporations

A. Fantasy Pearl

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2016
Ms. Zeng Jie, Baby	Interest of controlled corporation	80[1]	Ordinary	80%
Mr. Pan Jun	Interest of controlled corporation	20[2]	Ordinary	20%

Notes:

(1) These are shares held by Ice Apex in Fantasy Pearl and Ice Apex is wholly owned by Ms. Zeng Jie, Baby.

(2) These are shares held by Graceful Star in Fantasy Pearl and Graceful Star is wholly owned by Mr. Pan Jun.

B. Colour Life

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2016
Ms. Zeng Jie, Baby	Interest of controlled corporation	722,331,259[1]	Ordinary	72.22%
Mr. Pan Jun	Beneficial owner	1,255,440[2]	Ordinary	0.13%
Mr. Lam Kam Tong	Beneficial owner	510,000[2]	Ordinary	0.05%
Dr. Liao Jianwen	Beneficial owner	510,000[2]	Ordinary	0.05%

Notes:

(1) These include (i) 503,956,782 shares in Colour Life held by the Company which is owned as to 57.50% by Fantasy Pearl which is in turn owned as to 80% by Ice Apex and 20% by Graceful Star and as Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie Baby is deemed to be interested in the shares of Colour Life held by the Company for the purpose of Part XV of the SFO; and (ii) pursuant to a concert party agreement dated 29 June 2015 entered into between the Company and Splendid Fortune Enterprise Limited ("Splendid Fortune"), each of the Company and Splendid Fortune is taken to be interested in the shares of Colour Life in which each other is interested for the purpose of Part XV of the SFO. As such, the Company, Fantasy Pearl, Ice Apex and Ms. Zeng Jie, Baby are also deemed to be interested in 217,031,477 shares of Colour Life held by Splendid Fortune for the purpose of Part XV of the SFO.

(2) These represent share options granted by Colour Life subject to vesting schedules.

C. Shenzhen Caizhiyun Network Technology Co., Ltd. ("Caizhiyun Network")

Director	Nature of interest	Registered capital (RMB)	Approximate percentage of interest in the associated corporation as at 31 December 2016
Mr. Pan Jun	Beneficial owner	7,000,000[1]	70%

Note:

(1) Caizhiyun Network is owned as to 70% by Mr. Pan Jun and 30% by Mr. Tang Xuebin. The financial results of Caizhiyun Network have been consolidated and accounted for as a subsidiary of Colour Life by virtue of certain structured contracts, details of which are disclosed in the section headed "History, Reorganization and the Group Structure" in Colour Life's prospectus dated 17 June 2014.

Save as disclosed above, as at 31 December 2016, none of the Directors and chief executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") which became effective on 27 October 2009 for the purpose of rewarding eligible participants who have contributed to the Group and to encourage eligible participants to work towards enhancing the value of the Company. Eligible participants of the Scheme include Directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders. The maximum number of Shares in respect of which options may be granted under the Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company's shareholders and with such participants and his associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK$5 million, such grant of options shall be subject to prior approval by resolutions of the Shareholders (voting by way of poll). As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme is 85,326,000, representing 1.48% of the total number of shares of the Company in issue.

An offer of the grant of an option under the Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1 per option to the Company as consideration. Options may be exercised in accordance with the terms of the Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a Share.

The summary below sets out the details of movement of options granted as at 31 December 2016 pursuant to the Share Option Scheme:

				Number of share option						
Name	Date of grant	Exercise price HK$	Closing price of the shares on the date of grant HK$	Balance as at 1 January 2016	Granted during the period	Exercisable/ exercised during the period	Cancelled/ lapsed during the period	Balance as at 31 December 2016	Weighted average closing price immediately before exercise	Note
Mr. Pan Jun	29 August 2011	0.836	0.82	4,990,000	–	–	–	4,990,000	–	(2)
	16 October 2012	0.8	0.77	4,990,000	–	–	–	4,990,000	–	(3)
Ms. Zeng Jie, Baby	29 August 2011	0.836	0.82	4,990,000	–	–	–	4,990,000	–	(2)
	16 October 2012	0.8	0.77	4,990,000	–	–	–	4,990,000	–	(3)
Mr. Lam Kam Tong	16 October 2012	0.8	0.77	2,770,000	–	–	–	2,770,000	–	(3)
Mr. Ho Man	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	–	(2)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	–	(3)
Mr. Huang Ming	29 August 2011	0.836	0.82	800,000	–	–	–	800,000	–	(2)
	16 October 2012	0.8	0.77	800,000	–	–	–	800,000	–	(3)
Other employees	29 August 2011	0.836	0.82	19,701,640	–	(468,540)	–	19,233,100	0.95	(1)
	29 August 2011	0.836	0.82	9,380,000	–	–	–	9,380,000	–	(2)
	16 October 2012	0.8	0.77	30,932,000	–	(149,100)	–	30,782,900	0.95	(3)
Total				85,943,640	–	(617,640)	–	85,326,000		

Notes:

(1) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board;

(b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board; and

(c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board.

(2) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 29 August 2011 to 28 August 2021;

(b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021; and

(c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021.

(3) The share options are exercisable during the following periods:

(a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board;

(b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board; and

(c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 16 October 2012 to 15 October 2022 and after the Grantee has satisfied the vesting conditions specified by the Board.

Colour Life adopted a share option scheme ("Colour Life Share Option Scheme") by the written resolutions of the Shareholders passed on 11 June 2014. The terms of the Colour Life Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The Colour Life Share Option Scheme is a share incentive scheme and is established to recognize, acknowledge and reward eligible participants who have contributed to the Colour Life Group and to encourage eligible participants to work towards enhancing the value of Colour Life. Eligible participants of the Colour Life Share Option Scheme include directors of Colour Life and employees of the Colour Life Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Colour Life Group who the board of directors of Colour Life (the "Colour Life Board") considers, in its sole discretion, have contributed or will contribute to the Colour Life Group. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The total number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme is not permitted to exceed 10% in nominal amount of the aggregate of shares of Colour Life in issue, unless with the prior approval from Colour Life's shareholders. The maximum number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of shares of Colour Life issue, unless with the prior approval from Colour Life's shareholders and with such participants and his associates abstaining from voting. Options granted to any director, chief executive or substantial shareholder of Colour Life, or any of their respective associates, shall be subject to the prior approval of the independent non-executive directors of Colour Life. Where any option granted to a substantial shareholder or an independent non-executive director of Colour Life, or any of their respective associates, would result in the shares of Colour Life issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares of Colour Life in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares of Colour Life, in excess of HK$5 million, such grant of options shall be subject to prior approval by resolutions of the shareholders of Colour Life (voting by way of poll). As at the date of this annual report, the total number of shares available for issue under the Colour Life Share Option Scheme is 90,711,136, representing 9.07% of the total number of shares of Colour Life in issue.

Chengdu LongNian International Center

An offer of the grant of an option under the Colour Life Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1 per option to Colour Life as consideration. Options may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Colour Life Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the shares of Colour Life on the date of grant, (ii) the average closing price of the shares of Colour Life for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share of Colour Life. An option may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Colour Life Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Colour Life Share Option Scheme. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The summary below sets out the details of movement of options granted as at 31 December 2016 pursuant to the Colour Life Share Option Scheme:

				Number of share options						
Name	Date of grant	Exercise price	Closing price of the shares on the date of grant	Balance as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 31 December 2016	Weighted average closing price immediately before exercise	Note
		HK$	HK$							
Mr. Tang Xuebin	29 September 2014	6.66	6.66	547,790	–	–	–	547,790	–	(1)
				347,650	–	–	–	347,650	–	(2)
	30 April 2015	11.00	10.88	103,500	–	–	–	103,500	–	(3)
	18 March 2016	5.764	5.76	–	100,000	–	–	100,000	–	(4)
Mr. Dong Dong	29 September 2014	6.66	6.66	455,150	–	–	–	455,150	–	(1)
				347,650	–	–	–	347,650	–	(2)
	30 April 2015	11.00	10.88	123,500	–	–	–	123,500	–	(3)
	18 March 2016	5.764	5.76	–	100,000	–	–	100,000	–	(4)
Mr. Zhou Qinwei (resigned on 25 July 2016)	29 September 2014	6.66	6.66	128,800	–	–	(128,000)	–	–	(1)
				338,500	–	–	(338,500)	–	–	(2)
	30 April 2015	11.00	10.88	123,500	–	–	(123,500)	–	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	(180,000)	–	–	(4)
Mr. Pan Jun	29 September 2014	6.66	6.66	547,790	–	–	–	547,790	–	(1)
				347,650	–	–	–	347,650	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(4)
Mr. Lam Kam Tong	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(4)

Name	Date of grant	Exercise price	Closing price of the shares on the date of grant	Number of share options: Balance as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance as at 31 December 2016	Weighted average closing price immediately before exercise	Note
		HK$	HK$							
Mr. Zhou Hongyi	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(4)
Mr. Tam Chun Hung, Anthony	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(4)
Dr. Liao Jianwen	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(4)
Mr. Xu Xinmin	29 September 2014	6.66	6.66	150,000	–	–	–	150,000	–	(2)
	30 April 2015	11.00	10.88	180,000	–	–	–	180,000	–	(3)
	18 March 2016	5.764	5.76	–	180,000	–	–	180,000	–	(4)
Employees of the Group, a resigned non-executive Director and certain minority shareholders of the Company's subsidiaries	29 September 2014	6.66	6.66	17,428,010	–	–	(2,185,559)	15,242,451	–	(1)
				20,511,350		–	(1,078,196)	19,433,154	–	(2) & (5)
	30 April 2015	11.00	10.88	23,452,300	–	–	(4,651,187)	18,801,113	–	(3)
	18 March 2016	5.764	5.76	–	32,787,488	–	(1,333,750)	31,453,738	–	(4)
Total				66,483,140	34,247,488	–	(10,019,492)	90,711,136	–	

Notes:

(1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date on which the share options were granted; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) and the remaining one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options will expire on 28 September 2024.

(2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options will expire on 28 September 2024.

(3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.

(4) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 18 March 2017; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 18 March 2018; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 18 March 2019. The exercise period of these share options will expire on 17 March 2026.

(5) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive director of Colour Life on 21 April 2015, has been extended at the discretion of the board of Colour Life.

SHARE AWARD SCHEME

Colour Life also adopted a share award scheme with a size of RMB10.0 million during the year. Through share repurchase and grant, mid-level and senior management officers with outstanding performance are awarded and recognised for their valuable contribution to the Colour Life Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Senior Notes

On 4 January 2016, the Company issued the domestic corporate bonds of up to RMB1.1 billion at a coupon rate of 7.29% (the "Domestic Bonds") for the purposes of repayment of loans from financial institutions and replenishment of general working capital Fantasia Group (China) Company Limited (花樣年集團(中國)有限公司). Further details relating to the issue of Domestic Bonds are disclosed in the announcement of the Company dated 5 January 2016.

On 4 May 2016, the Company issued the senior notes due 2019 with principal amount of CNY600,000,000 at a coupon rate of 9.5% per annum (the "9.5% Original Notes due 2019") for the purposes of refinancing certain of its existing indebtedness. Further details relating to the issue of the 9.5% Original Notes due 2019 are disclosed in the announcements of the Company dated 26 and 27 April 2016.

On 29 August 2016, the Company issued additional 9.5% senior notes due 2019 in the principal amount of CNY1,000,000,000 on terms and conditions of the 9.5% Original Notes due 2019 (the "9.5% Additional Notes due 2019"), which is consolidated and form a single series with the 9.5% Original Notes due 2019, for the purposes of refinancing certain of its existing indebtedness. Further details relating to the issue of the 9.5% Additional Notes due 2019 are disclosed in the announcements of the Company dated 22 and 23 August 2016.

On 4 October 2016, the Company issued the senior notes due 2021 with principal amount of USD400,000,000 at a coupon rate of 7.375% per annum (the "7.375% Original Notes due 2021") for the purposes of refinancing certain of its existing indebtedness. Further details relating to the issue of the 7.375% Original Notes due 2021 are disclosed in the announcements of the Company dated 27 and 28 September 2016.

On 29 December 2016, the Company issued additional 7.375% senior notes due 2021 in the principal amount of USD100,000,000 on terms and conditions of the 7.375% Original Notes due 2021 (the "7.375% Additional Notes due 2021"), which is consolidated and form a single series with the 7.375% Original Notes due 2021, for the purposes of refinancing certain of its existing indebtedness. Further details relating to the issue of the 7.375% Additional Notes due 2021 are disclosed in the announcements of the Company dated 20 December 2016.

During the year ended 31 December 2016, the Company has repurchased the 13.75% senior notes due 2017 and the 10.625% senior notes due 2019 in an aggregate principal amount of approximately US$30.7 million and US$21.6 million (the "Repurchased Notes") respectively. The Repurchased Notes were canceled and delisted from the official list of the Singapore Exchange Securities Trading Limited ("the Singapore Stock Exchange"). Please refer to the announcements of the Company dated 10 November 2016, 21 November 2016 and 2 December 2016 for details of the repurchase and cancellation of senior notes.

The Company has redeemed in full the 10.625% senior notes due 2019, which were listed on the Singapore Stock Exchange, at a redemption amount equals to 105.31250% of its principal amount plus accrued and unpaid interest of US$14,816,562.5. Please refer to the announcements of the Company dated 19 December 2016 and 24 January 2017 for details of the redemption.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

BORROWINGS

Details of the borrowings of the Group are set out in note 38 of the consolidated financial statements.

DIRECTOR'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in note 55 to the consolidated financial statements, no significant contract, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACT

No management contracts in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2016, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Director	Nature of interest	Number of shares	Approximate percentage of interest in our Company as at 31 December 2016
Fantasy Pearl	Beneficial owner	3,313,090,500	57.50%
Ice Apex	Interest of controlled corporation	3,313,090,500[(1)]	57.50%
T. C. L. Industries Holdings (H.K.) Limited	Beneficial owner	1,001,537,074[(2)]	17.38%
TCL Corporation	Interest of controlled corporation	1,001,537,074[(2)]	17.38%

Notes:

(1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.

(2) As at 31 December 2016. T.C.L. Industries Holdings (H.K.) Limited held 1,001,537,074 shares of the Company representing 17.38% interest in the Company. T.C.L. Industries Holdings (H.K.) Limited is wholly owned by TCL Corporation. TCL Corporation is deemed to be interested in the shares held by T.C.L. Industries Holdings (H.K.) Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as of 31 December 2016, no other shareholder, other than directors or chief executives, of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales in the year.

During the reporting period, the aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or suppliers.

CONTINUING CONNECTED TRANSACTION

The Company has entered into the following continuing connected transaction during the year ended 31 December 2016:

Pursuant to the Catalogue of Industries for Guiding Foreign Investment (2011 version) (《外商投資產業指導目錄》(2011年修訂)), value-added telecommunications service is subject to foreign investment restriction in which a foreign investor shall hold no more than 50% equity interest in a value-added telecommunications services provider in the PRC.

Internet content provision services, or ICP services, belong to a subcategory of value-added telecommunications services. Colour Life's PRC legal advisor (the "Legal Advisor") has advised that the community leasing, sales and other services provided by Shenzhen Color Life Network Service Co., Ltd. ("Shenzhen Colour Life Network Service") through the Colour Life website constitute value-added telecommunications services. According to the Administrative Rules for Foreign Investment in Telecommunications Enterprises (《外商投資電信企業管理規定》), foreign investors shall contribute no more than 50% of the registered capital of a value-added telecommunications services provider and any such foreign investor shall maintain a good track record and possess relevant operational experience in the value-added telecommunication services industry (the "Qualification Requirement").

Based on consultations with the relevant personnel responsible for the approval of value-added telecommunications services at MIIT and the Guangdong Communications Administration Bureau (廣東省通信管理局), the Legal Advisor has advised that in order to demonstrate that it has satisfied the Qualification Requirement, a foreign investor shall provide the competent PRC authority with its telecommunications services business operating license issued by the relevant authority at its place of registration (equivalent of the ICP License issued by the Ministry of Industry and Information Technology of the PRC (the "MIIT") and its financial reports of the most recent three years. However, the MIIT did not specify during the Legal Advisor's consultations what would constitute "a good track record" and "relevant operational experience" and there are no specific written guidelines in this regard or in respect of whether and what type of documentation is required to establish the requisite credentials in cases where there is no telecommunications service business licensing regime in the jurisdiction or country in which the foreign investor provides the relevant telecommunication services.

As for the legality of the contractual arrangements, the Legal Advisor, after taking reasonable actions and steps to reach its legal conclusions including consulting the MIIT where the representative stated that there is no regulation enforceable or promulgated by the MIIT which prohibits or restricts the operation of value-added telecommunication businesses by foreign investors through contractual arrangements such as the Structured Contracts, are of the view that each of the Structured Contracts individually and collectively do not violate any of the applicable PRC laws and regulations. Legal Advisor is also of the view that the MIIT is the competent regulatory authority to give such assurance and interpret the Structured Contracts.

Based on the above-mentioned restriction under the relevant laws and regulations of the PRC, the Colour Life Group is not entitled to acquire the equity interest in Shenzhen Caizhiyun Network Technology Co., Ltd. ("Shenzhen Caizhiyun Network"). To enable the Colour Life Group to continue to manage and operate the online business of Shenzhen Caizhiyun Network and be entitled to all the economic benefits generated from such online business of Shenzhen Caizhiyun Network, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network, Mr. Pan and Mr. Tang entered into the exclusive management and operation agreement, the call option agreement, the shareholders' rights entrustment agreement, the equity pledge agreement and the power of attorney (collectively the "Structured Contracts") on 16 June 2014 such that the Colour Life Group are entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network (the "Contractual Arrangement"). The Structured Contracts have an initial term of 10 years which is renewable for a successive term of 10 years. Colour Life is exploring various opportunities in building up our community leasing, sales and other services business operations overseas for the purposes of being qualified as early as possible, to acquire the entire equity interest of Shenzhen Caizhiyun Network if and when the restrictions under the relevant PRC law on foreign ownership in value-added telecommunication enterprises are lifted. For details of the Structured Contracts, please refer to the section headed "History, Reorganization and the Group Structure — The Structured Contracts" in Colour Life's prospectus dated 17 June 2014.

Upon signing of the Structured Contracts, Shenzhen Caizhiyun Network was treated as a wholly-owned subsidiary of Colour Life and the accounts of which are consolidated with those of the Company. Given the registered capital of Shenzhen Caizhiyun Network is held as to 70% by Mr. Pan, being the chairman of the Company, an executive Director and a substantial shareholder of the Company, the chairman and a non-executive director of Colour Life, and as to 30% by Mr. Tang, being an executive director, the chief executive officer and a substantial shareholder of Colour Life, Mr. Pan and Mr. Tang are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the exclusive management and operation agreement which involves the payment of a service fee by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service on an annual basis, each of the Structured Contracts does not involve payment of any consideration.

The Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated in the Company, through the Colour Life Group, as if it was the Company's subsidiary resulting in all economic benefits of its business flowing to the Company. Through the appointment by Shenzhen Colour Life Network Service of all directors and senior management of Shenzhen Caizhiyun Network, the Directors believe that Shenzhen Colour Life Network Service is able to effectively supervise, manage and operate the business operations, expansion plans, financial policies and assets of Shenzhen Caizhiyun Network, and at the same time, ensure due implementation of the Structured Contracts. According to Hong Kong Financial Reporting Standards, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Although the Company does not directly or indirectly own Shenzhen Caizhiyun Network, the Structured Contracts enable the Company, through Colour Life, to exercise control over and receive economic benefits generated from the business operation of Shenzhen Caizhiyun Network and the validity and legality of the Structured Contracts have been confirmed by Colour Life's People's Republic of China (the "PRC") legal advisor. Colour Life Group derives economic benefits from the online community leasing, sales and other services provided by Shenzhen Caizhiyun Network through the website and mobile applications to the residents in the residential communities that Colour Life manages or provides consultancy services to. Under such circumstances, the Directors are of the view that it is fair and reasonable for Shenzhen Colour Life Network Service to be entitled to all the economic benefits generated from Shenzhen Caizhiyun Network. The Structured Contracts also permit Shenzhen Colour Life Network Service to exclusively acquire all or part of the equity interest in Shenzhen Caizhiyun Network, if and when permitted by PRC laws and regulations. Notwithstanding the Group's lack of equity ownership in Shenzhen Caizhiyun Network, the Group is able to control the business and financial position of Shenzhen Caizhiyun Network in substance through the Structured Contracts. As a result of the Structured Contracts, Shenzhen Caizhiyun Network is accounted for as the Company's subsidiary, through Colour Life, and its financial position and operating results are consolidated in the Company's consolidated financial statements. The revenue and total asset value subject to the Contractual Arrangements amounted to approximately RMB20.6 million for the year ended 31 December 2016 and approximately RMB3.4 million as of 31 December 2016, respectively.

Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the South China International Economic and Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules thereof.

The Company had applied and the SEHK had granted a waiver that the Structured Contracts are exempt from the annual cap and independent shareholders' approval requirements under Rules 14A.36 and 14A.53 of the Listing Rules.

Mr. Pan and Mr. Tang may potentially have a conflict of interest with the Group. Both of Mr. Pan and Mr. Tang have undertaken to Shenzhen Colour Life Network Service that during the period when the Contractual Arrangement remains effective, (i) unless otherwise agreed to by Shenzhen Colour Life Network Service in writing, the relevant shareholder would not, directly or indirectly (either on his own account or through any natural person or legal entity) participate, or be interested, or engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of Shenzhen Caizhiyun Network or any of its affiliates; and (ii) any of his actions or omissions would not lead to any conflict of interest between him and Shenzhen Colour Life Network Service (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interests (where Shenzhen Colour Life Network Service has the sole absolute discretion to determine whether such conflict arises), he agrees to take any appropriate actions as instructed by Shenzhen Colour Life Network Service.

Furthermore, the Group conducts its business operation in the PRC through Shenzhen Caizhiyun Network by way of Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the

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PRC laws. As advised by the Company's PRC legal advisers, the Contractual Arrangements were narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

To ensure proper implementation of the Structured Contracts, Colour Life also takes the following measures:

(a) as part of the internal control measures, major issues arising from implementation and performance of the Structured Contracts was reviewed by the Colour Life Board on a regular basis which will be no less frequent than on a quarterly basis;

(b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) was discussed at such regular meetings which was no less frequent than on a quarterly basis;

(c) the relevant business units and operation divisions of the Colour Life Group reported regularly, which was no less frequent than on a monthly basis, to the senior management of Colour Life on the compliance and performance conditions under the Structured Contracts and other related matters;

(d) the compliance department of Colour Life, headed by Mr. Duan Feiqin ("Mr. Duan"), monitored the proper implementation and Mr. Pan's and Mr. Tang's compliance with the Structured Contracts; and

(e) also, pursuant to the exclusive management and operation agreement, the bank accounts of Shenzhen Caizhiyun Network were operated through its company seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal is currently kept by Mr. Duan.

The Board confirmed that there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and its impact on the issuer group.

The board also confirmed that there is no unwinding of Structured Contracts or failure to unwind when the restrictions that led to the adopted of Structured Contracts are removed.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company, namely Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu have reviewed the Structured Contracts and confirmed that the Structured Contracts have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

Fantasia Four Points by Sheraton Guilin,Lingui

For the purpose of Rule 14A.56 of the Listing Rules, Deloitte Touche Tohmatsu, 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 transaction abovementioned:

(i) has not been approved by the Board;

(ii) are not in accordance with the pricing policies of the Company if the transactions involve provision of goods and services by the Company;

(iii) have not been entered into in accordance with the relevant agreements governing the transactions; and

(iv) have exceeded the respective annual caps.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2016, certain Directors and companies controlled by certain Directors entered into transactions with the Group which are disclosed in note 55 "Related Party Transactions" to the consolidated financial statements of the Group. Save as disclosed in the section headed "Continuing Connected Transaction", the Board confirmed that none of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

INTERESTS IN COMPETITORS

None of the Directors or chief executive of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

EMOLUMENT POLICY

The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regards to the Group's operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2016.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the reporting period, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

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

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group, such as the Listing Rules and the Revised Hong Kong Financial Reporting Standards. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of its directors at the date of this annual report, the Company has maintained sufficient public float throughout the year ended 31 December 2016.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Details of significant events occurring after the end of the reporting period are set out in note 59 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
Pan Jun
Chairman

Hong Kong, 17 March 2017

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules. For the period throughout the year ended 31 December 2016, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code save and except for code provision A.2.1. Details of which will be explained below.

Code A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Pan Jun is the chairman of the Board and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry with all the Directors and all the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2016.

THE BOARD

Responsibilities

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law, global economy and real estate and have contributed to the Board with their professional opinions.

Further, the Board is in charge of the task of maximizing the financial performance of the Company, formulating strategies and management policies of the Group, approving strategic objectives and is responsible for providing the shareholders with a long-term return with stable and continuous growth.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

Composition and qualification requirements

The Board currently comprises of four executive Directors, being Mr. Pan Jun (Chairman), Ms. Zeng Jie, Baby, Mr. Lam Kam Tong and Mr. Deng Bo, two non-executive Directors, being Mr. Li Dong Sheng and Mr. Yuan Hao Dong, and five independent non-executive Directors, being Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu. Biographical details of each Director are set out on pages 54 to 61.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board.

Save as disclosed herein, throughout the year ended 31 December 2016 and up to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and the independent non-executive directors represented over one-third of the Board.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

Board meetings and annual general meeting

The Board meets on a regular basis and ten Board meetings and one annual general meeting for the year ended 31 December 2016 were held during the year. The individual attendance record is as follows:

Directors	No. of Board meetings attended/ No. of Board meetings held	AGM
Executive		
Mr. Pan Jun	9/9	1/1
Ms. Zeng Jie, Baby	4/9	0/1
Mr. Lam Kam Tong	9/9	1/1
Mr. Zhou Jinquan	4/9	0/1
Non-executive Directors		
Mr. Li Dong Sheng	4/9	0/1
Mr. Yuan Hao Dong	4/9	0/1
Independent non-executive Directors		
Mr. Ho Man	4/9	1/1
Mr. Huang Ming	4/9	0/1
Dr. Liao Jianwen	4/9	0/1
Ms. Wong Pui Sze, Priscilla, JP	2/9	1/1
Mr. Guo Shaomu	4/9	1/1

Directors have timely access to relevant information prior to each board meeting. Directors are given the opportunity to include matters in the agenda for regular board meetings while Directors are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from board meetings.

Minutes of board meetings and meetings of other committees are kept by the Company Secretary and are open for inspection by Directors.

Appointment and re-election of Directors

All executive Directors have entered into service contracts with the Company for a specific term of three years, all non-executive Directors have entered into letters of appointment with the Company for a specific term of three years, and all independent non-executive Directors have entered into letters of appointment with the Company for a specific term of three years. One-third of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with our Company's Articles of Association. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election and those of the other Directors who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

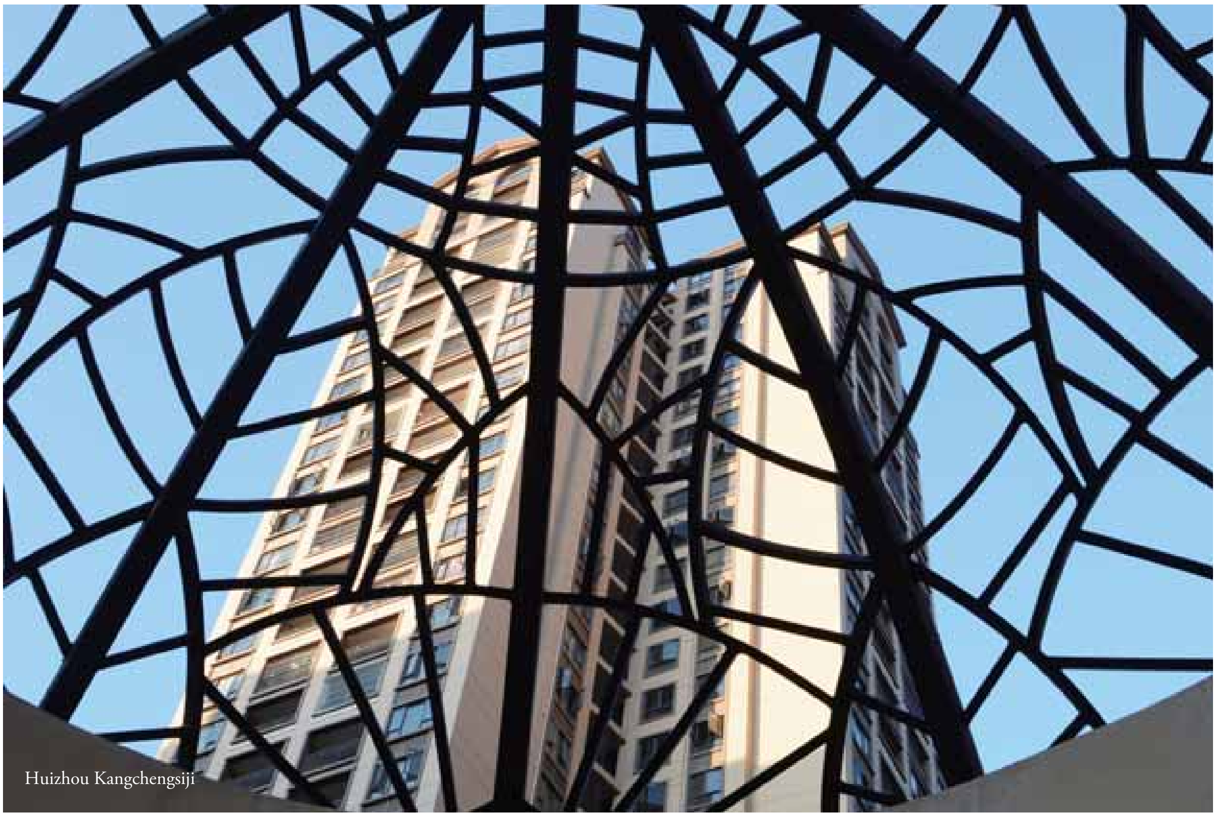
Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting and be eligible for re-election. Any Director appointed pursuant to the aforesaid Article shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Internal control

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

Directors' Training and professional development

All directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme newly appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements being a newly appointed director. The Company further arranges an on-going training and professional development seminar for Directors.



Huizhou Kangchengsiji

During the year of 2016, all Directors were provided with monthly newsletter on the Group's business, operations and financial matters as well as updates, if any, on applicable legal and regulatory and market changes to facilitate the discharge of their responsibilities. The Company had also regularly circulated reading materials on the amendments to or updates on the relevant laws, rules and regulations to all Directors as part of their training materials in the continuous professional development plan of the Company and the Company confirmed that all Directors read the training materials. Continuing briefings and professional development for directors will be arranged whenever necessary.

All Directors had provided the Company Secretary with their training records for the year of 2016.

Indemnification of Directors and officers

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman and chief executive officer of our Company is Mr. Pan Jun. The reasons for the two roles are being performed by the same individual are set out on the section "Corporate Governance Code" of this report.

BOARD COMMITTEES

To enhance the effectiveness of the management of the Company, the Board has established three committees, namely the audit committee, the nomination committee and the remuneration committee to monitor corresponding aspects of the Company's affairs. The composition and the roles and functions of each committee are summarised as follows.

Audit Committee

The Company has established the audit committee (the "Audit Committee") in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Audit Committee on 22 December 2015. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The annual results of the Company have been reviewed by the Audit Committee.

The Audit Committee currently comprises five independent non-executive Directors, including Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Ho Man is the chairman of the Audit Committee. During the year of 2016, the Audit Committee held two meetings. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Ho Man (Committee chairman)	2/2
Mr. Huang Ming	2/2
Dr. Liao Jianwen	2/2
Ms. Wong Pui Sze, Priscilla, JP	2/2
Mr. Guo Shaomu	2/2

The major roles and functions of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit.

The Audit Committee also performs the Company's corporate governance functions including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

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

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

(e) to review the Company's compliance with the Corporate Governance Code and disclosures in this corporate governance report.

During the reporting period, Audit Committee had been provided with the Group's financial statements, internal controls reports and other necessary financial information to consider, review and access significant issues arising from the financial statements, internal controls and work conducted. The Audit Committee also recommended the appointment of external auditors for the Company.

Remuneration Committee

The Company has established the remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Remuneration Committee on 12 March 2012. The revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee currently comprises an executive Director, Mr. Pan Jun, and five independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Huang Ming is the chairman of the Remuneration Committee. During the year of 2016, the Remuneration Committee held one meeting. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Huang Ming (Committee chairman)	1/1
Mr. Ho Man	1/1
Dr. Liao Jianwen	1/1
Ms. Wong Pui Sze, Priscilla, JP	0/1
Mr. Guo Shaomu	1/1

The Remuneration Committee is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive Directors and senior management member(s) with reference to the Company's objectives from time to time.

During the year ended 31 December 2016, the Remuneration Committee reviewed, and determined the remuneration package of the Directors and senior management. The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Report of the Directors" and note 10 to the financial statements.

Nomination Committee

The Company has established the nomination committee (the "Nomination Committee") in compliance with the Listing Rules to fulfill the functions of reviewing the structure of and nominating suitable candidates to the Board. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Nomination Committee on 30 August 2013. The revised terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee currently comprises two executive Directors, Mr. Pan Jun and Ms. Zeng Jie, Baby and five independent non-executive Directors, Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu. During the year of 2015, the Nomination Committee held one meeting. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Pan Jun (Committee chairman)	1/1
Ms. Zeng Jie, Baby	0/1
Mr. Ho Man	1/1
Mr. Huang Ming	1/1
Dr. Liao Jianwen	1/1
Ms. Wong Pui Sze, Priscilla, JP	0/1
Mr. Guo Shaomu	1/1

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge with reference to the "Board Diversity Policy" adopted by the Board on 29 August 2013 and the requirements under the Listing Rules.

Based on the above criteria, members of the Nomination Committee have also reviewed the composition of the Board which is determined by directors' skills and experience appropriate to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required.

During the year ended 31 December 2016, the Nomination Committee accessed the independence of the independent non-executive Directors and the Directors to be re-elected at the 2017 annual general meeting of the Company before putting forth for discussion and approval by the Board, and also reviewed the composition of the Board.

AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2016 is set out in the section headed "Independent Auditors' Report" in this annual report.

During the year, the total remuneration in respect of statutory audit services paid to the Company's auditors, Messrs. Touche Tohmatsu amounted to approximately RMB4,700,000.

INTERNAL CONTROLS

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness in order to safeguard the Group's assets and shareholders' interests. The Board will conduct regular review regarding internal control systems of the Group.

During the year ended 31 December 2016, the Audit Committee reviewed and discussed with the Group's internal audit team and the senior management on the adequacy and effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management. The Audit Committee further made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board, to identify and manage potential risks of the Group. Besides, the Audit Committee and the Board will also perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.

In respect of the year ended 31 December 2016, the Board considered the internal control and risk management system effective and adequate. No significant areas of concern that might affect shareholders were identified during the Relevant Period.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out on page 89 of the "Independent Auditors' Report" in this annual report.

COMPANY SECRETARY

In compliance with Rule 3.28 of the Listing Rules, the Company Secretary is a full time employee and has the day-to-day knowledge of the Company's affairs. He is responsible for advising the Board on corporate governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings

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

Procedures by which enquiries may be put to the Board

Shareholders are provided with contact details of the Company, such as website, telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board or the company secretary through the above means. If shareholders have any enquiries in respect of their shareholdings and entitlements to dividend, they may contact Computershare Hong Kong Investor Services Limited, our share registrar from time to time.

INVESTOR RELATIONS

Constitutional Documents

There has been no significant change in the Company's constitutional documents during the year ended 31 December 2016.

Effective Communication with Shareholders and Investors

As a showpiece of the Company facing the capital market, the Board believes that a transparent and timely disclosure of the Group's latest information will enable the shareholders and investors to have better understanding on the Group's operations and strategies. The Company recognises the importance of maintaining effective investor relations with the existing and potential investors. To enhance the communication between the Company and the investors, as well as to maintain the transparency of the Company, the team of Investor Relations engages in providing effective ways for shareholders and investors to obtain latest company information. In addition to the issue of monthly and quarterly newsletters and interim and annual financial reports, the Company's website at "www.cnfantasia.com" also acts as a communication platform with shareholders and investors, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. The Company will also actively correspond to any enquiries raised by the shareholders and investors through emails and phone calls. Meanwhile, the Company has also arranged company meetings, telephone conferences, investors meetings, luncheons and site visits, held a number of non-deal road shows and actively participated in a couple of global investors conferences and forums held by investment banks.

The Board also considers that general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee normally attend the annual general meetings and other shareholders' meetings of the Company to reply questions raised.

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions proposed at general meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cnfantasia.com) immediately after the relevant general meetings.

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TO THE MEMBERS OF FANTASIA HOLDINGS GROUP CO., LIMITED
花樣年控股集團有限公司
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 96 to 239, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 ("CO").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional 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	How our audit addressed the key audit matters
Valuation of properties for sale	
We identified the valuation of properties for sale as a key audit matter due to the significant estimates involved in the determination of net realisable value (the "NRV") of the properties for sale. As disclosed in note 26 to the consolidated financial statements, the Group had properties under development for sale of RMB9,762,379,000 and completed properties for sale of RMB5,585,600,000 (collectively referred to as the "properties for sale") as at 31 December 2016, which are situated in the People's Republic of China (the "PRC"). Certain residential properties and carpark of the Group are not located in the downtown with the slim profit margins which indicate possible potential impairment loss on the properties for sale. As disclosed in note 4 to the consolidated financial statements, the properties for sale are stated at the lower of cost and NRV. The NRV is determined by reference to the estimated selling prices of the properties for sale, which takes into account a number of factors including the latest market prices of similar property types in the same project or by similar properties, and the prevailing real estate market conditions in the PRC, less estimated selling expenses and estimated cost to completion. The Management assessed the NRV of the properties with possible potential impairment indication with reference to the valuations carried out by the Valuer. Based on management's analysis of the property for sale, no write-downs were considered to be necessary in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016.	Our procedures in relation to assessing management's assessment of the NRV of the properties for sale included: • Assessing management's process of reviewing the budgeted cost of the properties for sales and the determination of the NRV of the properties for sales; • Evaluating the reasonableness of the estimated cost to completion of the properties under development for sale, on a sampling basis, by comparing it to the actual development cost of similar completed properties and comparing the adjustments made by the management to current market data; • Assessing the appropriateness of the estimated selling prices of the properties for sale used by the management with reference to latest market prices achieved in the same projects or by comparable properties, including an evaluation of the appropriateness of the comparable properties used by management of the Group based on our knowledge of the Group's business and the PRC real estate industry; • Obtaining the valuation reports provided by the Valuers for the residential properties and carparks with possible potential impairment indication and compared the carrying amount of the aforesaid residential properties and carparks to the corresponding valuation amount; • Assessing the competence, capabilities and objectivity of the Valuers; and • Obtaining the detailed work of the Valuer on the residential properties and carparks with possible potential impairment indication to evaluate the accuracy and relevance of key data inputs underpinning the valuation and challenging the reasonableness of the key assumptions applied based on available market data and our knowledge of the property industry in China.

Key audit matters	How our audit addressed the key audit matters
Recoverability of trade receivables arose from sales of properties	
We identified the recoverability of trade receivables arose from sales of properties as a key audit matter as it is quantitatively significant to the consolidated financial statements as a whole, combined with the significant degree of judgement by the management, in considering the estimation of collection which may affect the carrying value of the Group's trade receivables in assessing the recoverability of trade receivables. The carrying amounts of the Group's trade receivables arose from sales of properties are RMB1,025,932,000, as disclosed in note 27 to the consolidated financial statements. As disclosed in note 4 to the consolidated financial statements, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Based on management's analysis of estimated impairment of trade receivable arose from sale of properties, no allowance for bad and doubtful debt were considered to be necessary in consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016.	Our procedures in relation to assessing the recoverability of trade receivables arose from sales of properties included: • Assessing the management's process of reviewing the recoverability of trade receivables arose from sales of properties; • Assessing the management's process in determining present value of estimated future cash flows of trade receivables arose from sals of properties with reference to relevant terms of the sales and purchase agreements; • Obtaining the aging analysis of trade receivables arose from sales of properties and discussing with the management the actions they have taken to recover the long outstanding debts; • Checking the terms set out in the sales and purchase agreements regarding sale by mortgage, on a sample basis, and obtaining mortgage approval documents from the banks to substantiate the unconditional approval of mortgage facilities granted by the banks to the property buyers; and • Checking the terms set out in the sales and purchase agreements regarding sale by instalments, on a sample basis, and agreeing the settlement of receivables from sales of properties by instalments to supporting documentation including bank statements and bank slips.

Key audit matters	How our audit addressed the key audit matters
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the estimates associated with determining the fair value. As disclosed in note 14 to the consolidated financial statements, the investment properties of the Group mainly represent commercial buildings, office and carpark located in the PRC and carried at RMB6,981,839,000 as at 31 December 2016, including completed investment properties of RMB5,316,563,000 and investment properties under construction of RMB1,665,276,000, which represents 14% of the Group's total assets. Change in fair value of investment properties of RMB405,076,000 and recognition of change in fair value of completed property for sale upon transfer to investment properties of RMB478,005,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended. All of the Group's investment properties are stated at fair value based on valuations performed by an independent qualified professional valuer not connected with the Group (the "Valuer"). Details of the valuation techniques and key inputs used in the valuations are disclosed in note 14 in the consolidated financial statements. The valuations of the completed investment properties are dependent on certain key inputs, including term yield, reversionary yield, vacancy ratio and adjustment made to account for differences in location. The valuations of investment properties under construction are dependent on gross development value, developer's profit, marketing costs, construction costs to completion, and market unit sales rate.	Our procedures in relation to assessing the appropriateness of the carrying values of the investment properties included: • Evaluating the competence, capabilities, and objectivity of the Valuer and obtaining an understanding of the Valuer's scope of work and their terms of engagement; • Evaluating the appropriateness of the Valuer's valuation approach to assess if they are consistent with the requirements of HKFRSs and industry norms; • Obtaining the detailed work of the Valuer, particularly the key input to the valuation on completed investment properties including but not limited to the comparable market price of properties, term yield and reversionary yield of rental income and vacancy ratio and the key input to the valuation on investment properties under construction including but not limited to the gross development value, developer's profit, marketing cots, construction costs to completion; • Evaluating the accuracy and relevance of key data inputs underpinning the valuation and challenging the reasonableness of the key assumptions applied based on available market data and our knowledge of the property industry in China; • Obtaining the latest budget for construction and other costs of investment properties under construction and checked to the information obtained by the Valuer for the valuation; and • Evaluating the sensitivity analysis prepared by the management on the key inputs to evaluate the magnitude of their impacts on the fair values and assessing the appropriateness of the disclosures relating to these sensitivities.

Key audit matters	How our audit addressed the key audit matters
Revenue recognised from sales of properties	
We identified revenue recognition as a key audit matter as the revenue from sales of properties is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income and there is judgment involved in determining the appropriate point at which to recognise revenue from sales of properties. As disclosed in note 3 to the consolidated financial statements, revenue from sales of properties in the PRC is recognised when the properties are completed and delivered to the buyers pursuant to the relevant terms of sale and purchase agreement. The Group recognised revenue of RMB8,365,954,000 from sales of properties for the year ended 31 December 2016, which is disclosed in note 5 in the consolidated financial statements.	Our procedures in relation to revenue recognised from sales of properties included: • Assessing management's process and control over the point of time at which revenue from sales of properties is recognised; • Evaluating the terms set out in the sales and purchase agreements, and assessing whether the significant risks and rewards of ownership of the properties have been transferred to the buyers by reviewing the relevant documents including completion certificates and delivery notices, on a sample basis; and • Performing physical inspection on the inventory of properties and examining the completion certificates, on a sample basis, and checked if the properties were completed.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lam Chi Hong.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 March 2017

For the year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Revenue	5	**10,920,638**	8,164,297
Cost of sales and services		**(7,392,156)**	(5,645,554)
Gross profit		**3,528,482**	2,518,743
Other income, gains and losses	6	**(585,172)**	(108,360)
Change in fair value of investment properties	14	**405,076**	713,887
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	26	**478,005**	175,922
Selling and distribution expenses		**(222,772)**	(318,594)
Administrative expenses		**(851,273)**	(741,241)
Finance costs	7	**(932,238)**	(302,340)
Share of results of associates		**(2,528)**	626
Share of results of joint ventures		**48,504**	(7,324)
Gains on disposal of subsidiaries	47(a) (c)	**640,080**	790,039
Profit before tax	8	**2,506,164**	2,721,358
Income tax expense	9	**(1,441,816)**	(1,318,542)
Profit for the year		**1,064,348**	1,402,816
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of properties		**–**	11,876
Remeasurement of defined benefit obligations		**(22,974)**	–
Income tax relating to items that will not be reclassified subsequently to profit or loss		**5,743**	(2,969)
Other comprehensive (expense) income for the year, net of income tax		**(17,231)**	8,907
Profit and total comprehensive income for the year		**1,047,117**	1,411,723
Profit for the year attributable to:			
Owners of the Company		**805,736**	1,210,610
An owner of perpetual capital instrument		**37,550**	63,875
Other non-controlling interests		**221,062**	128,331
		1,064,348	1,402,816
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**795,426**	1,215,955
An owner of perpetual capital instrument		**37,550**	63,875
Other non-controlling interests		**214,141**	131,893
		1,047,117	1,411,723
Earnings per share – basic (RMB)	12	**0.14**	0.21
Earnings per share – diluted (RMB)	12	**0.14**	0.21

At 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,078,272	1,766,869
Investment properties	14	6,981,839	6,884,931
Interests in associates	15	735,336	6,789
Interests in joint ventures	16	951,667	410,044
Available-for-sale investments	17	30,215	–
Goodwill	18	912,750	733,549
Intangible assets	19	259,248	204,474
Prepaid lease payments	20	1,765,515	868,698
Premium on prepaid lease payments	21	1,592,486	172,169
Other receivables	27	244,038	376,841
Deposits paid for acquisition of subsidiaries	22	267,130	231,329
Deposit paid for acquisition of a property project	23	159,073	140,946
Deposits paid for acquisition of land use rights	24	1,095,077	1,050,077
Deferred tax assets	25	466,577	462,161
		17,539,223	13,308,877
CURRENT ASSETS			
Properties for sale	26	15,347,979	21,801,648
Inventories		80,414	–
Prepaid lease payments	20	48,151	34,274
Premium on prepaid lease payments	21	28,744	3,678
Trade and other receivables	27	4,604,211	4,604,047
Amounts due from customers for contract works	28	73,627	88,937
Tax recoverable		96,458	107,594
Amounts due from non-controlling shareholders of the subsidiaries	29	82,330	–
Amounts due from joint ventures	30	355,775	180,258
Amounts due from related parties	31	233,726	184,782
Financial assets designated as at fair value through profit or loss ("FVTPL")	32	127,275	19,200
Restricted/pledged bank deposits	33	1,997,824	1,336,482
Bank balances and cash	33	9,136,526	2,881,511
		32,213,040	31,242,411
CURRENT LIABILITIES			
Trade and other payables	34	4,445,008	6,626,928
Deposits received for sale of properties		2,817,149	5,555,880
Amounts due to customers for contract works	28	16,746	17,141
Amount due to a non-controlling shareholder of the company	35	310,438	390,199
Amounts due to joint ventures	36	294,157	1,033,916
Amounts due to associates	37	1,061,338	–
Tax liabilities		4,151,634	3,626,109
Borrowings – due within one year	38	929,458	1,407,598
Obligations under finance leases	39	23,610	22,101
Senior notes and bonds	40	1,575,183	1,004,105
Assets backed securities issued	41	37,642	–
Defined benefit obligations	42	5,171	–
Provisions	43	37,154	–
		15,704,688	19,683,977
NET CURRENT ASSETS		16,508,352	11,558,434
TOTAL ASSETS LESS CURRENT LIABILITIES		34,047,575	24,867,311

At 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
NON-CURRENT LIABILITIES			
Amount due to a non-controlling shareholder of the company	35	–	329,721
Deferred tax liabilities	25	1,236,629	1,071,358
Borrowings – due after one year	38	2,438,008	2,556,814
Obligations under finance leases	39	88,538	104,979
Senior notes and bonds	40	16,804,442	8,531,147
Assets backed securities issued	41	237,442	–
Defined benefit obligations	42	121,781	–
Provisions	43	–	33,255
		20,926,840	12,627,274
NET ASSETS		13,120,735	12,240,037
CAPITAL AND RESERVES			
Share capital	44	497,848	497,797
Reserves		10,457,503	9,910,694
Equity attributable to owners of the Company		10,955,351	10,408,491
Perpetual capital instrument	45	–	710,500
Other non-controlling interests		2,165,384	1,121,046
Total non-controlling interests		2,165,384	1,831,546
		13,120,735	12,240,037

The consolidated financial statements on pages 96 to 239 are approved and authorised for issue by the Board of Directors on 17 March 2017 and are signed on its behalf by:

PAN JUN
EXECUTIVE DIRECTOR

LAM KAM TONG
EXECUTIVE DIRECTOR

For the year ended 31 December 2016

	Attributable to owners of the Company										Attributable to non-controlling interests					
	Share capital RMB'000	Share premium RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	Share options reserve RMB'000 (Note iii)	Contribution reserve RMB'000 (Note iv)	Statutory reserves RMB'000 (Note v)	Discretionary reserves RMB'000	Revaluation reserve RMB'000 (Note vi)	Accumulated profits RMB'000	Sub-total RMB'000	Perpetual capital instrument RMB'000	Share option reserve of Colour Life RMB'000	Share option reserve of Morning Star RMB'000	Other non-controlling interests RMB'000	Non-controlling interests Sub-total RMB'000	Total RMB'000
At 1 January 2015	497,485	2,441,983	266,709	19,499	40,600	44,843	1,477	38,357	6,102,106	9,453,059	710,500	29,780	–	1,219,035	1,959,315	11,412,374
Profit for the year	–	–	–	–	–	–	–	–	1,210,610	1,210,610	63,875	–	–	128,331	192,206	1,402,816
Surplus on revaluation of properties	–	–	–	–	–	–	–	7,126	–	7,126	–	–	–	4,750	4,750	11,876
Deferred taxation liability arising from revaluation of properties	–	–	–	–	–	–	–	(1,781)	–	(1,781)	–	–	–	(1,188)	(1,188)	(2,969)
Other comprehensive income for the year	–	–	–	–	–	–	–	5,345	–	5,345	–	–	–	3,562	3,562	8,907
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	5,345	1,210,610	1,215,955	63,875	–	–	131,893	195,768	1,411,723
Acquisition of subsidiaries (note 46(b))	–	–	–	–	–	–	–	–	–	–	–	–	–	15,809	15,809	15,809
Issue of share upon exercise of share option	312	3,219	–	(938)	–	–	–	–	–	2,593	–	(97)	–	664	567	3,160
Contributions from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	4,500	4,500	4,500
Dividend distributed to shareholders of the Company (note 11)	–	(245,012)	–	–	–	–	–	–	–	(245,012)	–	–	–	–	–	(245,012)
Recognition of equity-settled share-based payments (note 52)	–	–	–	2,464	–	–	–	–	–	2,464	–	88,431	28	–	88,459	90,923
Share option lapsed (note 52)	–	–	–	(3,092)	–	–	–	–	3,092	–	–	–	–	–	–	–
Acquisition of additional interests in subsidiaries from non-controlling shareholders	–	–	(41,709)	–	–	–	–	–	–	(41,709)	–	–	–	(369,411)	(369,411)	(411,120)
Disposal of subsidiaries (note 47(a))	–	–	–	–	–	–	–	(23,334)	23,334	–	–	–	–	(279,945)	(279,945)	(279,945)
Disposal of partial interest in subsidiaries without loss of control (note 47(b))	–	–	21,141	–	–	–	–	–	–	21,141	–	–	–	280,359	280,359	301,500
Distribution to holders of perpetual capital instrument	–	–	–	–	–	–	–	–	–	–	(63,875)	–	–	–	(63,875)	(63,875)
Transfer	–	–	–	–	–	14,340	–	–	(14,340)	–	–	–	–	–	–	–
At 31 December 2015	497,797	2,200,190	246,141	17,933	40,600	59,183	1,477	20,368	7,324,802	10,408,491	710,500	118,114	28	1,002,904	1,831,546	12,240,037
Profit for the year	–	–	–	–	–	–	–	–	805,736	805,736	37,550	–	–	221,062	258,612	1,064,348
Remeasurement of defined benefit obligations	–	–	–	–	–	–	–	(13,746)	–	(13,746)	–	–	–	(9,228)	(9,228)	(22,974)
Deferred taxation liability arising from remearurement of defined benefit obligations	–	–	–	–	–	–	–	3,436	–	3,436	–	–	–	2,307	2,307	5,743
Other comprehensive income for the year	–	–	–	–	–	–	–	(10,310)	–	(10,310)	–	–	–	(6,921)	(6,921)	(17,231)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company										Attributable to non-controlling interests					
	Share capital RMB'000	Share premium RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	Share options reserve RMB'000 (Note iii)	Contribution reserve RMB'000 (Note iv)	Statutory reserves RMB'000 (Note v)	Discretionary reserves RMB'000	Revaluation reserve RMB'000 (Note vi)	Accumulated profits RMB'000	Sub-total RMB'000	Perpetual capital instrument RMB'000	Share option reserve of Colour Life RMB'000	Share option reserve of Morning Star RMB'000	Other non-controlling interests RMB'000	Non-controlling interests Sub-total RMB'000	Total RMB'000
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	(10,310)	805,736	795,426	37,550	–	–	214,141	251,691	1,047,117
Acquisition of subsidiaries (note 46 (a) and (b))	–	–	–	–	–	–	–	–	–	–	–	–	–	538,149	538,149	538,149
Issue of share upon exercise of share option	51	706	–	(342)	–	–	–	–	–	415	–	–	–	–	–	415
Dividend distributed to shareholders of the Company (note 11)	–	(255,793)	–	–	–	–	–	–	–	(255,793)	–	–	–	–	–	(255,793)
Deemed partial disposal of interest in a subsidiary without loss of control (note viii)	–	–	6,989	–	–	–	–	–	–	6,989	–	–	–	64,770	64,770	71,759
Recognition of equity-settled share-based payments (note 52)	–	–	–	–	–	–	–	–	–	–	–	79,041	2,914	–	81,955	81,955
Share repurchase under the share award scheme of Colour Life (note vii)	–	–	–	–	–	–	–	–	–	–	–	–	–	(9,010)	(9,010)	(9,010)
Acquisition of additional interests in subsidiaries from non-controlling shareholders	–	–	(177)	–	–	–	–	–	–	(177)	–	–	–	(109)	(109)	(286)
Redemption of perpetual capital instrument	–	–	–	–	–	–	–	–	–	–	(700,000)	–	–	–	(700,000)	(700,000)
Distribution to holders of perpetual capital instrument	–	–	–	–	–	–	–	–	–	–	(48,050)	–	–	–	(48,050)	(48,050)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(5,473)	(5,473)	(5,473)
Contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	159,915	159,915	159,915
Transfer	–	–	–	–	–	13,591	–	–	(13,591)	–	–	–	–	–	–	–
At 31 December 2016	497,848	1,945,103	252,953	17,591	40,600	72,774	1,477	10,058	8,116,947	10,955,351	–	197,155	2,942	1,965,287	2,165,384	13,120,735

Notes:

(i) Pursuant to article 16 of the Company's Article of Association, the Company is permitted to pay out dividend from share premium account.

(ii) Special reserve arising from the acquisition or disposal of equity interests in subsidiaries without loss of control. It represented the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.

(iii) Share options reserve represented the share-based payment under the Company's share option scheme.

(iv) Contribution reserve represented (a) the contribution/distribution to shareholders during the group reorganisation in 2009; (b) the difference between consideration paid and fair value of net assets acquired from related parties; (c) the difference between the consideration received and carrying amount of net assets disposed of to related parties during the Group reorganisation in 2009; and (d) the waiver of shareholder loans in 2009.

(v) The statutory reserves and discretionary reserves attributable to subsidiaries in the PRC are non-distributable. Transfers to these reserves are determined by the board of directors or the shareholders' meeting of the PRC subsidiaries in accordance with the relevant laws and regulations of the PRC. These reserves can be used to offset accumulated losses, expand the scale of production and business and transfer to capital upon approval from relevant authorities.

(vi) Property revaluation surplus arose from the transfer of owner-occupied property to investment properties at the date of change in use.

(vii) On 4 July 2016, a share award scheme was adopted by Colour Life Service Group Co., Limited ("Colour Life"), a non-wholly owned subsidiary of the Company with its shares listed on The Stock Exchange of Hong Kong Limited (the "SEHK"), to certain employees and consultants of Colour Life ("Grantees") as incentives or rewards for their contribution or potential contribution to Colour Life. The shares to be awarded are repurchased and held by an independent trustee appointed by Colour Life ("Trustee"). During the year ended 31 December 2016, 1,607,000 shares of Colour Life were repurchased by the Trustee under the share award scheme and the total consideration for acquisition of the aforesaid shares were RMB9,010,000, which was recognised as a deduction to the other non-controlling interests.

(viii) During the year ended 31 December 2016, 深圳市美易家商務服務集團股份有限公司 Shenzhen Home E&E Commercial Services Group Co., Ltd. ("Home E&E"), a non-wholly owned subsidiary of the Company, issued shares to several third parties at a total cash consideration of RMB71,759,000. Upon completion of the share subscription, the shareholding of the Company was diluted from 70.00% to 69.29% and it constituted a deemed disposal of partial interests in a subsidiary without loss of control. The difference between the consideration received and the 0.71% equity interest in Home E&E at the date of deemed partial disposal of interests in Home E&E amounted to RMB6,989,000 was recognised in special reserve.

For the year ended 31 December 2016

	2016 RMB'000	2015 RMB'000
OPERATING ACTIVITIES		
Profit before tax	2,506,164	2,721,358
Adjustments for:		
Change in fair value of investment properties	(405,076)	(713,887)
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	(478,005)	(175,922)
Change in fair value of financial assets designated as at FVTPL	(2,828)	(442)
Investment income from land development	(5,787)	–
Release of prepaid lease payments	14,487	15,852
Release of premium on prepaid lease payments	17,874	3,678
Amortisation of intangible assets	26,604	13,004
Depreciation of property, plant and equipment	174,102	130,213
Loss (gain) on disposal of property, plant and equipment	4,364	(169)
Gains on disposal of subsidiaries	(640,080)	(790,039)
Allowance on bad and doubtful debts, net	40,771	44,504
Interest income	(33,260)	(30,127)
Finance costs	932,238	302,340
Net foreign exchange loss	665,820	233,559
Share of results of associates	2,528	(626)
Share of results of joint ventures	(48,504)	7,324
Share-based payment expenses	81,955	90,923
Operating cash flows before movements in working capital	2,853,367	1,851,543
Additions to prepaid lease payments	(1,073,311)	–
Decrease in land development expenditure	–	315,930
Decrease (increase) in properties for sale	3,581,379	(705,348)
Increase in inventories	(15,190)	–
Increase in deposits paid for acquisition of land use rights	(45,000)	(44,392)
Increase in trade and other receivables	(866,651)	(267,137)
Decrease (increase) in amounts due from customers for contract works	15,310	(29,477)
Increase in amount due from related parties	(30,623)	(1,124)
Increase in amount due from a joint venture	(1,369)	–
(Decrease) increase in amounts due to customers for contract works	(395)	8,946
(Decrease) increase in trade and other payables	(1,663,250)	861,845
Increase in provisions	22,281	–
Decrease in defined benefit obligations	(981)	–
(Decrease) increase in deposits received for sale of properties	(2,447,922)	1,621,602
Cash generated from operations	327,645	3,612,388
Income tax paid	(571,075)	(521,660)
Interest paid	(1,508,386)	(1,120,405)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(1,751,816)	1,970,323

For the year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
INVESTING ACTIVITIES			
Deposit paid for acquisition of a property project		(18,127)	(4,298)
Increase in restricted/pledged bank deposits		(661,342)	(421,886)
Settlement of consideration payables on acquisition of assets and liabilities through acquisition of subsidiaries and acquisition of businesses		(565,605)	(861,585)
Settlement of consideration receivables of disposal of subsidiaries	47(a)	761,000	492,856
Purchases of property, plant and equipment		(213,879)	(423,925)
Additions to investment properties		(294,229)	(604,318)
Acquisition of assets and liabilities through acquisition of subsidiaries (net of cash and cash equivalents acquired)	46(a)	(755,602)	(46,019)
Acquisition of businesses (net of cash and cash equivalents acquired)	46(b)	(616,089)	(529,020)
Deposits paid for acquisition of subsidiaries		(88,692)	(37,164)
Refund of deposit paid for acquisition of a subsidiary		38,000	–
Capital injection to associates		(64,000)	(4,410)
Capital injection to joint ventures		(111,119)	–
Bank interest received		33,260	30,127
Proceeds from disposal of property, plant and equipment		7,671	121,222
Disposal of subsidiaries (net of cash and cash equivalent disposed of)	47(a)	1,607,646	1,432,479
Disposal of partial interests in subsidiaries resulting in loss of control	47(c)	204,862	–
Advance of loan receivables		(330,250)	–
Repayment of loan receivables		3,000	–
Purchase of available-for-sale investments		(20,200)	–
Settlement of receivable from Pixian Government		390,000	–
Settlement of receivable from Chengdu Government		420,000	–
Repayment from non-controlling shareholders		9,570	–
Proceeds from disposal of investment properties		1,051,689	10,673
Purchase of financial assets designated as at FVTPL		(462,099)	(74,558)
Redemption of financial assets designated as at FVTPL		356,852	109,958
Advance to related parties		(18,321)	(183,658)
Repayment from related parties		1,523,228	–
Advances to joint ventures		(1,936,431)	(30,403)
Advances to non-controlling shareholders		(49,951)	–
Repayment from joint ventures		407,027	–
Repayment from certain former subsidiaries		323,340	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		931,209	(1,023,929)

For the year ended 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
FINANCING ACTIVITIES			
Net proceeds from the issuance of senior notes and bonds		9,304,790	3,204,367
Repayment of senior notes		(1,000,000)	(795,926)
Repurchase of senior notes		(388,227)	–
Net proceeds from the issuance of assets backed securities		284,930	–
Repayment of principle receipts under securitisation arrangements		(12,500)	–
Contribution from non-controlling shareholders of the subsidiaries		159,915	4,500
Dividend paid to non-controlling shareholders of the subsidiaries		(5,473)	–
Deemed disposal of partial interests in a subsidiary without loss of control		71,759	–
New borrowings raised		2,312,760	1,582,989
Repayment of borrowings		(2,988,388)	(5,768,914)
Distribution to an owner of perpetual capital instrument		(48,050)	(63,875)
Redemption of perpetual capital instrument		(700,000)	–
Dividend paid to shareholders of the Company		(255,793)	(245,012)
Advances from associates		1,061,338	–
Acquisition of additional interest in subsidiaries	46(c)	(286)	(48,870)
Repayment of obligations under finance leases		(49,640)	(27,181)
Proceed from disposal of partial interests in a subsidiary without loss of control	47(b)	–	301,500
Issue of share upon exercise of share option		415	3,160
Repurchase of shares under shares award scheme of Colour Life		(9,010)	–
Advances from joint ventures		390,842	440,836
Repayments to joint ventures		(1,126,700)	(403,387)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		7,002,682	(1,815,813)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		6,182,075	(869,419)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,881,511	3,738,040
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		72,940	12,890
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		9,136,526	2,881,511

For the year ended 31 December 2016

1. General

The Company is a limited company incorporated in Cayman Islands and its shares are listed on SEHK. Its parent and its ultimate parent are Fantasy Pearl International Limited and Ice Apex Limited, respectively, both being limited liability companies incorporated in the British Virgin Islands (the "BVI"). Its ultimate controlling shareholder is Ms. Zeng Jie, Baby, who is a director of the Company. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 56.

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

Amendments to HKAS 1 "Disclosure Initiative"

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

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

The Group has applied these amendments retrospectively. The grouping and ordering of certain notes have been revised to give prominence to the areas of the Group's activities that management considers to be the most relevant to an understanding of the Group's financial performance and financial position. Specifically, information to capital risk management was reordered to note 48 while information to financial instruments was reordered to note 49. Other than the above presentation and disclosure change, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKFRS 9 "Financial Instruments"

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

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

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

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

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment will either be measured at fair value through profit or loss ("FVTPL") or be designated at FVTOCI. In addition, the expected credit loss model may result in early provision of credit loss which are not yet incurred in relation of the Group's financial assets measured at amortised cost.

For the year ended 31 December 2016

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKFRS 15 "Revenue from contracts with Customer"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

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

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent consideration, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

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

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (continued)

HKFRS 16 "Leases" (continued)

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

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group as lessee has non-cancellable operating lease commitments of RMB636,565,000 as disclosed in note 50. A preliminary assessment indicated that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new arrangements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Amendments to HKAS 7 "Disclosure Initiative"

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

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

Except for the above impact, the directors of the Company do not anticipate that the application of other new and amendments to HKFRSs will have significant impact on the Group's consolidated financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the stock exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

3. Significant Accounting Policies (continued)

Basis of consolidation

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

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

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

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

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

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

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

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

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

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combination

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

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

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

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

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

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

3. Significant Accounting Policies (continued)

Business combinations (continued)

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair value, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata based on the carrying amount of each asset in the unit (or group of cash-generating units).

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

The Group's policy for the goodwill arising on the acquisition of an associate is described below.

Investments in associates and joint ventures

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

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

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

3. Significant Accounting Policies (continued)

Investments in associates and joint ventures (continued)

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

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

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

Revenue recognition

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

3. Significant Accounting Policies (continued)

Revenue recognition (continued)

Sales of properties

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Sales of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Agency fee, service income, management fee, parking fee and consultation fee

Agency fee, service income, management fee, parking fee and consultation fee are recognised when services are provided.

Construction service fee

The Group's policy for recognition of revenue from construction services is described in the accounting policy for construction contracts below.

Hotel operation

Revenue from hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services is recognised when the services are rendered.

Interest income

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

Rental income

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

3. Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Buildings under development for future owner occupied purpose

When buildings are in the course of development for production, or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

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3. Significant Accounting Policies (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses.

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

Impairment losses on tangible assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

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

3. Significant Accounting Policies (continued)

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Properties for sale
Completed properties and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Cost of each unit in each phase of development is determined using the weighted average method.

Net realisable value represents the estimated selling price for properties for sale less all estimated costs of completion and costs necessary to make the sale.

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

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant Accounting Policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Warranties

Provisions for the expected cost of warranty obligations under the relevant sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: loans and receivables, financial assets designated as FVTPL and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading, (ii) it is designated as at FVTPL or (iii) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading or contingent consideration that may be received by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

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

Financial assets designated as at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Available-for-sale ("AFS") financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investment or (c) financial assets at FVTPL.

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

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Financial instruments (continued)
Financial assets (continued)
Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables (non-current), trade and other receivables, amounts due from non-controlling shareholders of the subsidiaries, joint ventures and related parties, restricted/pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

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

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

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

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

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Financial liabilities and equity instruments

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

Equity instruments

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

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

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

Senior notes and bonds and assets backed securities issued
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.

Bonds and assets backed securities issued by the subsidiaries of the Company that contain both liability and put option (which is closely related to the host contracts) are not separated into host contract and embedded derivatives on initial recognition. At the date of issue, the bonds and assets backed securities issued are recognised at fair value.

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

Transaction costs that related to the issue of the senior notes and bonds and assets backed securities issued are included in the carrying amount of the senior notes and bonds and assets backed securities issued and amortised over the period of the senior notes and bonds and assets backed securities issued using the effective interest method.

Other financial liabilities
Other financial liabilities (including bank and other borrowings, trade and other payables, amounts due to non-controlling shareholders of subsidiaries, amounts due to joint ventures and associates, senior notes and bonds and assets backed securities issued) are subsequently measured at amortised cost, using the effective interest method.

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

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of the obligation under the contract, as determined in accordance with HKAS 37 "Provision, Contingent Liabilities and Contingent Assets"; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

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

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

3. Significant Accounting Policies (continued)

Leasing (continued)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

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

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

Prepaid lease payments

The prepaid lease payments represent upfront payments for land use rights for the purpose of development of properties for sale or for use in the production or supply of goods or services, and are initially recognised at cost and released to profit or loss over the remaining lease term on a straight-line basis. The prepaid lease payments in respect of development of projects for sale whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

Premium on prepaid lease payments

The premium on prepaid lease payments represent the excess of the consideration paid over the carrying amount of the prepaid lease payments in respect of leasehold lands in the PRC acquired through acquisition of assets and liabilities through acquisition of subsidiaries and released to profit or loss over the remaining lease term on a straight-line basis. The premium on prepaid lease payments in respect of projects whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

3. Significant Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Borrowing costs

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

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Taxation

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

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

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Taxation (continued)

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

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

3. Significant Accounting Policies (continued)

Employee Benefits

Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of the reporting period.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line items of administrative expenses and finance costs. Curtailment gains and losses are accounted for as past service costs. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from services cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

For the year ended 31 December 2016

3. Significant Accounting Policies (continued)

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options scheme

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

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

Critical judgements in applying accounting policies (continued)

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As at 31 December 2016, the carrying amount of deferred taxation on investment properties is RMB1,112,839,000 (2015: RMB1,149,931,000).

Key sources of estimation uncertainty

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

Determination of net realisable value of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value with an aggregate carrying amount of RMB15,347,979,000 (2015: RMB21,801,648,000). Cost, including the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy and other attributable expenses, are allocated to each unit in each phase based on saleable gross floor area, using the weighted average method. The net realisable value is the estimated selling price (based on prevailing real estate market conditions in the PRC) less estimated selling expenses and estimated cost to completion (if any), which are determined based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be written down on the properties under development for sale and completed properties for sale.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition, where applicable). Where the actual future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss/further impairment loss may arise. As at 31 December 2016, the carrying amount of trade receivable is RMB1,720,333,000 (2015: carrying amount of RMB1,317,151,000).

Fair value measurements and valuation processes

The investment properties of the Group amounting to RMB6,981,839,000 (2015: RMB6,884,931,000) are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

For the year ended 31 December 2016

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

Key sources of estimation uncertainty (continued)

Fair value measurements and valuation processes (continued)

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation team's findings to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties. Note 14 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

Land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with any local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the LAT based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

As explained in above, the carrying amounts of investment properties are presumed to be recovered entirely through sale, as such deferred tax charge on the fair value change of investment properties has taken into account the LAT payable upon the disposal of these properties.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit or taxable temporary difference will be available against which the losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits or taxable temporary difference together with future tax planning strategies. As at 31 December 2016, the carrying amount of deferred tax assets recognised for unused tax losses is RMB149,639,000 (2015: RMB168,510,000).

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties for sale and charged to the consolidated statement of profit or loss and other comprehensive income upon the recognition of the sales of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate. During the development stage, the Group typically divides the development projects into phases. Costs that are common to different phases are allocated to individual phases based on saleable area. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

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

Key sources of estimation uncertainty (continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2016, the carrying amount of goodwill net of accumulated impairment loss was approximately RMB912,750,000 (2015: RMB733,549,000).

Estimated impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2016, the carrying amount of intangible assets net of accumulated impairment loss was RMB259,248,000 (2015: RMB204,474,000).

Retirement benefit obligations

The retirement benefit obligations are estimated based on a number of factors that are determined on actuarial basis using a number of assumptions as disclosed in note 42. The accuracy of the estimate mainly depends on the extent of deviation between the actuarial assumptions and the actual conditions. The changes in these assumptions will have an impact on the carrying amount of retirement benefit obligations. As at 31 December 2016, the carrying amount of defined benefit obligation was RMB126,952,000 (2015: nil).

5. Revenue and Segment Information

An analysis of the Group's revenue for the year is as follows:

	2016 **RMB'000**	**2015** **RMB'000**
Sales of properties	8,365,954	6,562,066
Rental income	241,778	182,886
Property agency services	26,770	24,476
Property operation services	1,652,123	1,270,014
Hotel operations	113,867	121,620
Others	520,146	3,235
	10,920,638	8,164,297

5. Revenue and Segment Information (continued)

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision makers, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby management has chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the operating and reportable segments of the Group.

The Group has six reportable and operating segments as follows:

Property development	–	developing and selling of commercial and residential properties in the PRC
Property investment	–	leasing of commercial and residential properties
Property agency services	–	provision of property agency and other related services
Property operation services	–	provision of property management, installation of security system and other related services
Hotel operations	–	provision of hotel accommodation, hotel management and related services, food and beverage sale and other ancillary services
Others	–	provision of travel agency services, and manufacturing and sale of fuel pumps which is newly acquired business in 2016

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by each segment without allocation of central administration costs and directors' salaries, interest income, net exchange loss, change in fair value of financial assets designated as at FVTPL, share-based payment expenses, finance costs, share of results of associates and joint ventures, gains on disposal of subsidiaries. This is a measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers also review the segment assets attributable to each operating segment, which comprises assets other than interests in associates and joint ventures, AFS investments, amounts due from non-controlling shareholders of the subsidiaries, joint ventures and related parties, financial assets designated as at FVTPL, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

For the year ended 31 December 2016

5. Revenue and Segment Information (continued)

The following is an analysis of the Group's revenue, results and other material items by operating and reportable segment under review:

For 31 December 2016

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
External revenues	8,365,954	241,778	26,770	1,652,123	113,867	520,146	10,920,638
Inter-segment revenues	17,833	–	–	115,969	–	–	133,802
Segment results	2,657,688	582,346	10,637	405,096	(5,112)	(44,781)	3,605,874
Segment assets	22,327,069	7,217,642	10,859	2,911,791	1,078,297	2,128,935	35,674,593
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets (note)	1,201,428	300,730	113	307,133	19,158	1,643,796	3,472,358
Change in fair value of investment properties	–	405,076	–	–	–	–	405,076
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	478,005	–	–	–	–	–	478,005
Release of prepaid lease payments	12,514	–	–	–	1,973	–	14,487
Release of premium on prepaid lease payments	17,874	–	–	–	–	–	17,874
Amortisation of intangible assets	–	–	–	23,107	–	3,497	26,604
Depreciation of property, plant and equipment	49,216	1,128	1,941	41,935	35,454	39,839	169,513
Loss on disposal of property, plant and equipment	–	–	–	4,364	–	–	4,364
Allowance on bad and doubtful debts, net	–	11,771	–	29,000	–	–	40,771

Inter-segment revenues are charged at prevailing market rate.

5. Revenue and Segment Information (continued)

For 31 December 2015

	Property development RMB'000	Property investment RMB'000	Property agency services RMB'000	Property operation services RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
External revenues	6,562,066	182,886	24,476	1,270,014	121,620	3,235	8,164,297
Inter-segment revenues	16,979	–	–	107,361	–	–	124,340
Segment results	1,420,638	829,649	22,148	381,102	(9,270)	289	2,644,556
Segment assets	28,569,770	6,985,732	14,890	1,827,971	1,252,412	285,500	38,936,275
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets (note)	99,563	932,377	–	805,352	237,356	364,117	2,438,765
Change in fair value of investment properties	–	713,887	–	–	–	–	713,887
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	175,922	–	–	–	–	–	175,922
Release of prepaid lease payments	13,879	–	–	–	1,973	–	15,852
Release of premium on prepaid lease payments	3,678	–	–	–	–	–	3,678
Amortisation of intangible assets	–	–	–	13,004	–	–	13,004
Depreciation of property, plant and equipment	36,887	4,185	155	28,764	55,759	–	125,750
Loss (gain) on disposal of property, plant and equipment	(286)	–	–	604	(487)	–	(169)
Allowance on bad and doubtful debts, net	14,877	–	–	29,627	–	–	44,504

Inter-segment revenues are charged at prevailing market rate.

Note: Additions to non-current assets exclude interests in associates and joint ventures, AFS investments, deposits paid for acquisition of land use rights, subsidiaries and a property project, other receivables and deferred tax assets.

For the year ended 31 December 2016

5. Revenue and Segment Information (continued)

Reconciliation:

	2016 RMB'000	2015 RMB'000
Revenue:		
Total revenue for operating and reportable segments	11,054,440	8,288,637
Elimination of inter-segment revenues	(133,802)	(124,340)
Group's total revenue	10,920,638	8,164,297
Total segment results	3,605,874	2,644,556
Elimination of inter-segment results	(32,020)	(20,720)
Unallocated amounts:		
Interest income	33,260	30,127
Net exchange loss	(665,820)	(233,559)
Change in fair value of financial assets designated as at FVTPL	2,828	442
Share-based payment expenses	(81,955)	(90,923)
Finance costs	(932,238)	(302,340)
Share of results of associates	(2,528)	626
Share of results of joint ventures	48,504	(7,324)
Gains on disposal of subsidiaries	640,080	790,039
Other unallocated expenses	(109,821)	(89,566)
Profit before tax	2,506,164	2,721,358

For the year ended 31 December 2016

5. Revenue and Segment Information (continued)

Reconciliation: (continued)

	2016 RMB'000	2015 RMB'000
Assets:		
Total assets for operating and reportable segments	35,674,593	38,936,275
Unallocated assets:		
Interests in associates	735,336	6,789
Interests in joint ventures	951,667	410,044
AFS investments	30,215	–
Amounts due from non-controlling shareholders of the subsidiaries	82,330	–
Amounts due from joint ventures	355,775	180,258
Amounts due from related parties	233,726	184,782
Financial assets designated as at FVTPL	127,275	19,200
Restricted/pledged bank deposits	1,997,824	1,336,482
Bank balances and cash	9,136,526	2,881,511
Other unallocated corporate assets	426,996	595,947
Group's total assets	49,752,263	44,551,288

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are mainly located in the PRC.

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

As the Group's segment liabilities are not regularly reviewed by the chief operating decision makers, the liabilities for each operating segment is therefore not presented.

	2016 RMB'000	2015 RMB'000
Additions to non-current assets		
Reportable segment total	3,472,358	2,438,765
Unallocated amount	7,690	6,747
Group's total	3,480,048	2,445,512
Other material items:		
Depreciation of property, plant and equipment		
Reportable segment total	169,513	125,750
Unallocated amount	4,589	4,463
Group's total	174,102	130,213

For the year ended 31 December 2016

6. Other Income, Gains and Losses

	2016 RMB'000	2015 RMB'000
Interest income	33,260	30,127
Investment income from land development (note 27(e))	5,787	67,239
Change in fair value of financial assets designated as at FVTPL	2,828	442
Unconditional government grants	10,978	10,223
Net exchange loss	(665,820)	(233,559)
Others	27,795	17,168
	(585,172)	(108,360)

7. Finance Costs

	2016 RMB'000	2015 RMB'000
Interest on:		
– bank and other borrowings	399,414	383,066
– senior notes and bonds	1,364,974	887,481
– finance leases	14,488	4,447
– amount due to a non-controlling shareholder of the Company	17,996	48,581
– assets backed securities issued	6,863	–
Other finance costs	31,834	–
	1,835,569	1,323,575
Less: Amount capitalised in properties under development for sale	(896,985)	(812,774)
Amount capitalised in investment properties under construction	(6,346)	(186,155)
Amount capitalised in construction in progress	–	(22,306)
	932,238	302,340

During the year ended 31 December 2016, certain amounts of finance costs capitalised arose from the general borrowing pool and were calculated by applying the capitalisation rate of 9.6% per annum (2015: 13.8% per annum) to expenditures on qualifying assets.

For the year ended 31 December 2016

8. Profit Before Tax

	2016 RMB'000	2015 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments (note 10)	16,962	17,344
Other staff's salaries and allowances	913,293	443,896
Defined benefit scheme costs	3,736	–
Retirement benefit scheme contributions	130,091	76,998
Share-based payments	81,955	90,327
Total staff costs	1,146,037	628,565
Less: Amount capitalised in properties under development for sale	(194,356)	(206,042)
	951,681	422,523
Auditor's remuneration	4,700	4,280
Release of prepaid lease payments	14,487	15,852
Release of premium on prepaid lease payments	17,874	3,678
Depreciation of property, plant and equipment	174,102	130,213
Amortisation of intangible assets	26,604	13,004
Loss (gain) on disposal of property, plant and equipment	4,364	(169)
Allowance on bad and doubtful debts, net	40,771	44,504
Cost of properties sold recognised as an expense	5,951,592	4,726,772
Gross rental income from investment properties	(241,778)	(182,886)
Less: Direct operating expenses from investment properties that generated rental income	15,121	11,722
	(226,657)	(171,164)
Rental expenses in respect of rented premises under operating leases	47,222	21,088

For the year ended 31 December 2016

9. Income Tax Expense

	2016 RMB'000	2015 RMB'000
Current tax in the PRC		
PRC enterprise income tax ("EIT")	848,061	732,318
LAT	694,351	342,468
	1,542,412	1,074,786
Deferred tax (note 25)		
(Credit)/charge to profit and loss	(100,596)	243,756
	1,441,816	1,318,542

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The Group's EIT is calculated based on the applicable tax rate on assessable profits, if applicable.

LAT 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.

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9. Income Tax Expense (continued)

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

	Notes	2016 RMB'000	2015 RMB'000
Profit before tax		2,506,164	2,721,358
Tax at PRC EIT rate of 25% (2015: 25%)	(a)	626,541	680,340
Tax effect of share of results of associates		632	(157)
Tax effect of share of results of joint ventures		(12,126)	1,831
Tax effect of income not taxable for tax purpose		(5,864)	(7,765)
Tax effect of expenses not deductible for tax purpose	(b)	250,017	161,399
Tax effect of tax losses not recognised		224,246	346,774
Utilisation of tax losses previously not recognised		(146,821)	(5,451)
LAT		694,351	342,468
Tax effect of LAT		(173,588)	(85,617)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions		–	(110,382)
Tax effect of tax rate differential of certain subsidiaries with preferential tax rate		(17,509)	(6,494)
Others		1,937	1,596
Income tax expense for the year		1,441,816	1,318,542

Notes:

(a) Majority of the assessable profits of the Group were derived from subsidiaries situated in the PRC and the applicable EIT rate of those subsidiaries is 25%.

(b) The amounts for the years ended 31 December 2016 and 2015 mainly represented the tax effect of expenses incurred by offshore companies, including the interest on senior notes, share-based payment expenses, exchange loss and professional fees.

10. Directors', Chief Executive's and Employees' Remunerations

The emoluments paid or payable to the directors and the chief executive disclosed pursuant to the applicable Listing Rules and CO were as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
For the year ended 31 December 2016						
Executive directors:						
Mr. Pan Jun (潘軍) (note i)	–	4,447	257	74	–	4,778
Ms. Zeng Jie, Baby (曾寶寶)	–	4,447	257	74	–	4,778
Mr. Lam Kam Tong (林錦堂)	–	2,644	332	–	–	2,976
Mr. Zhou Jinquan (周錦泉)	–	2,319	363	68	–	2,750
Non-executive directors:						
Mr. Li Dongsheng (李東生)	240	–	–	–	–	240
Mr. Yuan Haodong (袁浩東)	240	–	–	–	–	240
Independent non-executive directors:						
Mr. He Min (何敏)	240	–	–	–	–	240
Mr. Huang Ming (黃明)	240	–	–	–	–	240
Mr. Liao Jianwen (廖建文)	240	–	–	–	–	240
Ms. Wong Pui Sze (王沛詩)	240	–	–	–	–	240
Mr. Guo Shaomu (郭少牧)	240	–	–	–	–	240
	1,680	13,857	1,209	216	–	16,962
For the year ended 31 December 2015						
Executive directors:						
Mr. Pan Jun (潘軍) (note i)	–	3,940	220	54	188	4,402
Ms. Zeng Jie, Baby (曾寶寶)	–	3,940	220	54	188	4,402
Mr. Lam Kam Tong (林錦堂)	–	2,312	403	–	104	2,819
Mr. Zhou Jinquan (周錦泉)	–	1,586	384	60	–	2,030
Mr. Wang Liang (王亮) (note ii)	–	1,662	252	42	52	2,008
Non-executive directors:						
Mr. Li Dongsheng (李東生)	240	–	–	–	–	240
Mr. Yuan Haodong (袁浩東)	240	–	–	–	–	240
Independent non-executive directors:						
Mr. He Min (何敏)	240	–	–	–	30	270
Mr. Huang Ming (黃明)	240	–	–	–	30	270
Mr. Xu Quan (許權) (note iii)	32	–	–	–	4	36
Mr. Liao Jianwen (廖建文) (note iv)	209	–	–	–	–	209
Ms. Wong Pui Sze (王沛詩) (note iv)	209	–	–	–	–	209
Mr. Guo Shaomu (郭少牧) (note iv)	209	–	–	–	–	209
	1,619	13,440	1,479	210	596	17,344

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10. Directors', Chief Executive's and Employees' Remunerations (continued)

Notes:

(i) Mr. Pan Jun is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

(ii) Mr. Wang Liang resigned on 30 June 2015.

(iii) Mr. Xu Quan resigned on 17 February 2015.

(iv) Ms. Liao Jianwen, Ms. Wong Pui Sze and Mr. Guo Shaomu were appointed on 17 February 2015.

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

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

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

The discretionary bonus is determined by the Board of Directors based on the Group's performance for each financial year.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Five highest paid employees

The five individuals with the highest emoluments in the Group included 4 (2015: 3) directors for the year ended 31 December 2016. Details of their emoluments are set out above. The emoluments of the remaining 1 (2015: 2) of the five highest paid individuals is as follows:

	2016 RMB'000	2015 RMB'000
Salaries and allowances	3,547	5,530
Discretionary bonus	348	549
Retirement benefit scheme contributions	74	72
Share-based payments	–	104
	3,969	6,255

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10. Directors', Chief Executive's and Employees' Remunerations (continued)

Five highest paid employees (continued)
Their emoluments were within the following band:

	2016 No. of employees	2015 No. of employees
HKD3,000,001 to HKD3,500,000	–	1
HKD4,000,001 to HKD4,500,000	1	1

During the years ended 31 December 2016 and 2015, no remuneration was paid by the Group to any of the directors, Chief Executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and Chief Executive waived any remuneration for the years ended 31 December 2016 and 2015.

11. Dividends

	2016 RMB'000	2015 RMB'000
Dividends recognised as distribution during the year:		
2015 Final – HK5.00 cents		
(2015: 2014 final dividend HK5.39 cents) per share	255,793	245,012

Subsequent to the end of the reporting period, a final dividend in respect of year ended 31 December 2016 of HK5.00 cents, equivalent to RMB4.47 cents (2015: final dividend in respect of year ended 31 December 2015 of HK5.00 cents, equivalent to RMB4.19 cents) per share amounting to approximately RMB257,699,000 has been proposed by the directors for approval by the shareholders in the annual general meeting.

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12. Earnings Per Share

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

	2016 RMB'000	2015 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	805,736	1,210,610
Effect of dilutive potential ordinary shares:		
Share options of a subsidiary	–	(40)
Earnings for the purpose of diluted earnings per share	805,736	1,210,570
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,761,656,613	5,759,214,304
Effect of dilutive potential ordinary shares:		
Share options	15,015,200	4,122,311
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,776,671,813	5,763,336,615

Those share options granted by Colour Life (a non wholly-owned subsidiary of the Company) have no impact on the computation of diluted earnings per share for the year ended 31 December 2016 where the exercise price of the share options was higher than the average market price of the Colour Life's share, and the computation of diluted earnings per share for the years ended 31 December 2016 and 2015 does not take into account the effect of the share options of Morning Star Group Limited ("Morning Star") (a wholly owned subsidiary of the Company) as its impact is anti-dilutive.

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13. Property, Plant and Equipment

	Hotel buildings RMB'000	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2015	742,425	181,413	86,630	123,255	274,783	362,791	1,771,297
Transfer from properties for sale	54,565	–	–	–	–	–	54,565
Transfer from investment properties (note 14)	–	4,343	–	–	–	–	4,343
Transfer upon completion	449,091	–	–	45,658	–	(494,749)	–
Additions	–	–	78,366	47,635	16,497	303,733	446,231
Acquisition of subsidiaries (note 46(a)(b))	–	87,671	2,956	8,089	1,956	–	100,672
Transfer to investment properties (note)	(14,404)	(33,649)	–	–	–	–	(48,053)
Disposal of subsidiaries (note 47(a))	(113,889)	–	–	–	–	–	(113,889)
Disposals	(115,202)	(2,614)	(315)	(10,186)	(2,018)	–	(130,335)
At 31 December 2015	1,002,586	237,164	167,637	214,451	291,218	171,775	2,084,831
Transfer upon completion	19,154	–	–	25,921	–	(45,075)	–
Additions	–	15,792	19,648	47,559	5,154	125,726	213,879
Acquisition of subsidiaries (note 46(a)(b))	–	244,224	62	8,312	1,336	31,851	285,785
Disposal of subsidiaries (note 47(a)(c))	–	–	(2,032)	(3,280)	(1,252)	–	(6,564)
Disposals	–	(32,012)	(8,589)	(6,324)	(2,317)	–	(49,242)
At 31 December 2016	1,021,740	465,168	176,726	286,639	294,139	284,277	2,528,689
DEPRECIATION							
At 1 January 2015	65,299	43,353	29,158	40,547	51,058	–	229,415
Provided for the year	26,279	36,998	15,201	31,224	20,511	–	130,213
Transfer to investment properties (note)	(2,366)	–	–	–	–	–	(2,366)
Eliminated on disposal of subsidiaries (note 47(a))	(30,018)	–	–	–	–	–	(30,018)
Eliminated on disposals	(2,503)	(48)	(315)	(4,702)	(1,714)	–	(9,282)
At 31 December 2015	56,691	80,303	44,044	67,069	69,855	–	317,962
Provided for the year	27,902	51,762	37,303	46,162	10,973	–	174,102
Eliminated on disposal of subsidiaries (note 47(a)(c))	–	–	(1,575)	(1,968)	(897)	–	(4,440)
Eliminated on disposals	–	(27,458)	(5,221)	(2,805)	(1,723)	–	(37,207)
At 31 December 2016	84,593	104,607	74,551	108,458	78,208	–	450,417
CARRYING AMOUNTS							
At 31 December 2016	937,147	360,561	102,175	178,181	215,931	284,277	2,078,272
At 31 December 2015	945,895	156,861	123,593	147,382	221,363	171,775	1,766,869

Note: During the year ended 31 December 2015, buildings with carrying amount of RMB45,687,000 were transferred to investment properties upon change in use as evidenced by commencement of operating leases. The excess of the fair value of these properties at the date of change in use over the carrying amounts, amounting to RMB11,876,000 was recognised in other comprehensive income and accumulated in the property revaluation reserve and non-controlling interests in equity.

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13. Property, Plant and Equipment (continued)

The following useful lives are used in the calculation of depreciation:

Hotel buildings	Over the shorter of the term of lease or 20 years
Buildings	Over the shorter of the term of lease or 50 years
Renovations and leasehold improvements	5 to 10 years
Furniture, fixtures and equipment	5 years
Transportation equipment	5 to 15 years

The buildings are all situated on land in the PRC and USA.

As at 31 December 2016, certain of the Group's buildings and hotel buildings with carrying amounts of RMB303,848,000 (2015: RMB741,470,000) were pledged to banks to secure the banking facilities granted to the Group.

As at 31 December 2016, transportation equipment amounting to RMB174,544,000 (2015: RMB204,255,000).

14. Investment Properties

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At 1 January 2015	4,633,480	2,008,595	6,642,075
Additions	3,011	787,462	790,473
Transfer from completed properties for sale (note 26)	345,729	–	345,729
Transfer from property, plant and equipment (note 13)	57,563	–	57,563
Acquisition of subsidiaries (note 46(a)(b))	139,694	–	139,694
Net change in fair value recognised in profit or loss	254,767	459,120	713,887
Transfer upon completion of construction work	364,475	(364,475)	–
Transfer to property, plant and equipment (note 13)	(4,343)	–	(4,343)
Disposal of subsidiaries (note 47(a))	(1,060,654)	(728,820)	(1,789,474)
Disposals	(10,673)	–	(10,673)
At 31 December 2015	4,723,049	2,161,882	6,884,931
Additions	–	300,575	300,575
Transfer from completed properties for sale (note 26)	1,147,377	–	1,147,377
Net change in fair value recognised in profit or loss	185,049	220,027	405,076
Transfer upon completion of construction work	1,017,208	(1,017,208)	–
Disposal of subsidiaries (note 47(a)(c))	(704,431)	–	(704,431)
Disposals	(1,051,689)	–	(1,051,689)
At 31 December 2016	5,316,563	1,665,276	6,981,839
Unrealised gain on property revaluation included in profit or loss for the year ended 31 December 2015 (note)	392,145	459,120	851,265
Unrealised gain on property revaluation included in profit or loss for the year ended 31 December 2016 (note)	467,157	220,027	687,184

Note: Unrealised gain on property revaluation included change in fair value of investment properties and change in fair value of completed properties for sale upon transfer to investment which have been presented on the face of the statement of profit or loss and other comprehensive income.

14. Investment Properties (continued)

As at 31 December 2016, the fair value of the Group's completed investment properties of RMB5,316,563,000 (2015: RMB4,723,049,000) and investment properties under development of RMB1,665,276,000 (2015: RMB2,161,882,000) were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Sallmanns Limited, an independent qualified professional valuers not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties as at 31 December 2016 and 2015 are determined by income capitalisation method and direct comparison method. Income capitalisation method is arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate. The valuations of investment properties under construction as at 31 December 2016 and 2015 are arrived at by residual method and direct comparison method, which is based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development. Direct comparison approach is arrived at by reference to comparable market transactions and presuppose that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors.

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

As at 31 December 2016, investment properties with fair value of RMB512,111,000 (2015: RMB582,498,000) represented completed car parks which can be legally transferred, leased and mortgaged but the title certificates cannot be currently applied according to the relevant laws and regulations in the PRC.

As at 31 December 2016, certain of the Group's investment properties with an aggregate fair value of RMB1,588,802,000 (2015: RMB736,349,000) were pledged to banks to secure the banking facilities granted to the Group.

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

The following table gives information about how the fair values of these investment properties as at 31 December 2016 and 2015 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

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14. Investment Properties (continued)

Investment properties held by the Group	Fair value as at 31 December 2016 RMB'000	Location	Fair value hierarchy	Valuation techniques and key inputs	Significant observable/ unobservable inputs	Range	Sensitivity
Completed investment properties	4,756,719	Shenzhen, Tianjin, Chengdu, Nanjing, Tokyo, Dongguan, Guilin, Wuhan	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	2% – 6%	A slight increase in term yield would not result in significant decrease in fair value, and vice versa.
					2. Reversionary yield	2.3% – 6.5%	A slight increase in reversionary yield would not result in significant decrease in fair value, and vice versa.
					3. Vacancy ratio	0% – 20%	A slight increase in vacancy ratio would not result in significant decrease in fair value, and vice versa.
Completed investment properties	559,844	Shenzhen, Huizhou, Wuhan, Dongguan, Tianjin	Level 2	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	Adjustment made to account for differences in location	3% – 10%	N/A
Investment properties under construction	1,457,965	Nanjing, Suzhou, Chengdu	Level 3	Residual method – based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs.	1. Gross development value (RMB'000) on completion basis	RMB5,800 – RMB151,400	A significant increase/ decrease in gross development value would result in significant increase/decrease in fair value.
					2. Developer's profit	20%	A significant increase in developer's profit would result in significant decrease in fair value, and vice versa.
					3. Marketing costs	3%	A slight increase in marketing costs would not result in significant decrease in fair value, and vice versa.
					4. Construction costs to completion	N/A	A significant increase in construction costs to completion would result in significant decrease in fair value, and vice versa.
Investment properties under construction	207,311	Huizhou, Chengdu	Level 2	Direct comparison method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Market unit sales rate (RMB/sqm)	RMB850 – RMB1,450	A significant increase/ decrease in market unit sales rate would result in significant increase/ decrease in fair value.
	6,981,839						

14. Investment Properties (continued)

Investment properties held by the Group	Fair value as at 31 December 2015 RMB'000	Location	Fair value hierarchy	Valuation techniques and key inputs	Significant observable/ unobservable inputs	Range	Sensitivity
Completed investment properties	4,100,912	Shenzhen, Tianjin, Chengdu, Nanjing	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	2% – 6%	A slight increase in term yield would not result in significant decrease in fair value, and vice versa.
					2. Reversionary yield	2.3% – 6.5%	A slight increase in reversionary yield would not result in significant decrease in fair value, and vice versa.
					3. Vacancy ratio	0% – 20%	A slight increase in vacancy ratio would not result in significant decrease in fair value, and vice versa.
Completed investment properties	622,137	Shenzhen Dongguan Huizhou Wuhan	Level 2	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	Adjustment made to account for differences in location	3% – 10%	N/A
Investment properties under construction	2,074,050	Nanjing, Tianjin, Suzhou	Level 3	Residual method – based gross development value and taken into account the construction costs that will be expended to complete the development.	1. Gross development value (RMB'000) on completion basis	RMB57,000 – RMB142,400	A significant increase/ decrease in gross development value would result in significant increase/decrease in fair value.
					2. Developer's profit	20%	A significant increase in developer's profit would result in significant decrease in fair value, and vice versa.
					3. Marketing costs	3%	A slight increase in marketing costs would not result in significant decrease in fair value, and vice versa.
					4. Construction costs to completion	N/A	A significant increase in construction costs to completion would result in significant decrease in fair value, and vice versa.
Investment properties under construction	87,832	Chengdu	Level 2	Direct comparison method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Market unit sales rate (RMB/sqm)	RMB1,400	A significant increase/ decrease in market unit sales rate would result in significant increase/ decrease in fair value.
	6,884,931						

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14. Investment Properties (continued)

During the year ended 31 December 2016, there were investment properties amounting to RMB50,739,000 (2015: RMB415,560,000) transferred out of Level 3 to Level 2 upon completion of construction work, and the fair value of the investment properties is determined by direct comparison method based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property. There were no transfers into Level 3 during the years ended 31 December 2016 and 31 December 2015.

15. Interests in Associates

	2016 RMB'000	2015 RMB'000
Cost of investments, unlisted	736,475	5,400
Share of post-acquisition results, net of dividends received	(1,139)	1,389
	735,336	6,789

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

Name of entities	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group 2016	Equity interest attributable to the Group 2015	Proportion of voting power held by the Group 2016	Proportion of voting power held by the Group 2015	Principal activities
Shenzhen Yuezhong Property Management Co., Ltd. ("Yuezhong") 深圳市越眾物業管理有限公司	PRC	PRC	50%^	50%^	50%^	50%^	Property development in PRC
Shenzhen Qianhai House Keeper Network Service Co., Ltd. ("Qianhai House") 深圳市前海房管家網路服務有限公司	PRC	PRC	49%	49%	49%	49%	Property development in PRC
Capitalrise Investment Pte. Ltd. 新加坡置富投資有限公司	Singapore	Singapore	29%	29%	29%	29%	Inactive
Fantasia Pension Investment Management (Shanghai) Co., Ltd. ("Fantasia Pension") 花樣年養老投資管理(上海)有限公司	PRC	PRC	35%*	–	35%*	–	Inactive

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15. Interests in Associates (continued)

Name of entities	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group 2016	Equity interest attributable to the Group 2015	Proportion of voting power held by the Group 2016	Proportion of voting power held by the Group 2015	Principal activities
Huawanli Investment (Beijing) Co., Ltd. ("Beijing Huawanli") 花萬里投資(北京)有限公司 (note 47(c))	PRC	PRC	1%*	–	1%*	–	Property development in PRC
Shenzhen Haohanying Industrial Co., Ltd. ("Shenzhen Haohanying") 深圳市浩瀚盈實業有限公司	PRC	PRC	10%*	–	10%*	–	Property development in PRC
Wuhu Xinjia Investment Center (Limited Partnership) ("Wuhu Xinjia") 蕪湖信嘉投資中心(有限合夥) (note 47(c))	PRC	PRC	46%^Δ	–	33%^Δ	–	Investment management in PRC
Shanghai Yaozhi Asset Management Center (Limited Partnership) ("Shanghai Yaozhi") 上海耀之資產管理中心(有限合夥)	PRC	PRC	79%^Δ	–	33%^Δ	–	Investment management in PRC

Notes:

^ Pursuant to the shareholder's agreement, the Group has the right to cast 50% of the votes of Yuezhong at the shareholder's meeting, the governing body which directs the relevant activities that significantly affect the returns of Yuezhong. Other than the Group, Yuezhong has two other shareholders which hold the remaining equity interest in Yuezhong of 40% and 10%, respectively. The approval of relevant activities require simple majority of shareholders. As the Group holds no more than 50% of the voting power in the shareholders' meeting. Therefore, Yuezhong is accounted for as an associate of the Group.

* These companies are accounted for as the associates of the Group at the respective period end date as in accordance with the memorandum and article of the companies, major financial and operating policies of these companies require consent with simple majority in the board of directors which is the governing body. 2 out of 5 directors of Fantasia Pension, and 1 out of 3 directors of Beijing Huawanli, and 1 out of 4 directors of Shenzhen Haohanying were appointed by the Group, respectively. Thus, the Group is only able to exercise significant influence over these companies.

Δ The Group is a limited partner of Wuhu Xinjia and Shanghai Yaozhi which are partnership entities and have two other partners, respectively. Pursuant to the limited partnership agreement, the Group has the right to cast one vote of Wuhu Xinjia and Shanghai Yaozhi at the investment committee's meeting, the governing body which directs the relevant activities that significantly affect the returns of Wuhu Xinjia and Shanghai Yaozhi. The approval of relevant activities require two thirds of the total votes. Therefore, Wuhu Xinjia and Shanghai Yaozhi are accounted for as associates of the Group.

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15. Interests in Associates (continued)

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represented amounts shown in the associate's financial statement prepared in accordance with HKFRSs.

Wuhu Xinjia

	2016 RMB'000
Current assets	1,051,557
Non-current assets	627,704
Current liabilities	6,962
Loss and other comprehensive expense for the year	(5,096)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Wuhu Xinjia recognised in the consolidated financial statements:

	2016 RMB'000
Net assets of Wuhu Xinjia	1,672,299
Proportion of the Group's ownership interest in Wuhu Xinjia	46%
Non-controlling interests of Wuhu Xinjia's subsidiary	(2,489)
	766,769
Unrealised profit	(109,320)
Carrying amount of the Group's interest in Wuhu Xinjia	657,449

Aggregate information of associates that are not individually material

	2016 RMB'000	2015 RMB'000
The Group's share of profit	(184)	626
Aggregate carrying amount of the Group's interests in these associates	77,887	6,789

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16. Interests in Joint Ventures

	2016 RMB'000	2015 RMB'000
Cost of investments, unlisted	922,935	429,816
Share of post-acquisition results, net of dividends received	28,732	(19,772)
	951,667	410,044

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

Name of entities	Place of incorporation/ establishment	Place of operation	Equity interest and voting power attributable to the Group 2016	2015	Principal activities
Nanjing Zhongchu Property Development Co., Ltd. ("Nanjing Zhongchu") 南京中儲房地產開發有限公司 (note (a))	PRC	PRC	60.0%	60.0%	Property development in PRC
Fantasia (Novena) Pte. Ltd. ("Novena") (note (a))	Singapore	Singapore	90.0%	90.0%	Property development in Singapore
TCL Yituobang (Wuhan) City Construction Investment Co., Ltd. ("WuhanYituobang") TCL伊托邦(武漢)城市建設投資有限公司 (note (a))	PRC	PRC	50.0%	50.0%	Property development in PRC
Shenzhen Qianhai Jianian Dingsheng Investment Management Co., Ltd. ("Shenzhen Dingsheng ") 深圳前海嘉年鼎盛投資管理有限公司 (note (a))	PRC	PRC	49.0%	–	Investment management in PRC

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16. Interests in Joint Ventures (continued)

Name of entities	Place of incorporation/ establishment	Place of operation	Equity interest and voting power attributable to the Group 2016	2015	Principal activities
Shenzhen Qianhai Jianian Yunling Investment Fund Management Co., Ltd. ("Shenzhen Yunling") 深圳前海嘉年雲領投資基金管理有限公司 (note (a))	PRC	PRC	50.0%	–	Investment management in PRC
Chuangshi Jianian Fund ("Chuangshi Jianian") (note (a)) (note 47(c)(iii)) 創世嘉年基金	PRC	PRC	38.8%	–	Investment management in PRC
Shenzhen Xingfu Wanxiang Investment Fund Management (Limited Partnership) ("Shenzhen Wanxiang") 深圳市幸福萬象投資合夥企業（有限合夥）(note (b))	PRC	PRC	50.0%	–	Investment management in PRC
Fantasia Anchor Investment III LLC (note (a))	USA	USA	40.0%	–	Investment management in USA
Fantasia Anchor Capital Management LLC (note (a))	USA	USA	79.1%	–	Investment management in USA

Notes:

(a) These companies are accounted for as joint ventures as at respective period end date as in accordance with the memorandum and articles of the companies, major financial and operating policies of these companies require the unanimous consent of all directors.

(b) On 1 July 2016, Shenzhen Wanxiang was newly established pursuant to a limited partnership agreement entered into by Shenzhen Jiaxin Advisory Services Co., Ltd. 深圳市嘉信諮詢服務有限公司 ("Shenzhen Jiaxin") (as limited partner) a subsidiary of a joint venture of the Group, and Qianhai Jianian Investment Fund Management Co., Ltd 深圳前海嘉年投資基金管理有限公司 ("Qianhai Jianian") (as general partner), wholly-owned subsidiaries of the Company, 長城嘉信資產管理有限公司 (as limited partner and referred to "Changcheng Jiaxin") and Shenzhen Xincheng Investment Management Co., Ltd. 深圳鑫橙投資管理有限公司 (as general partner and referred to as "Shenzhen Xincheng"), two independent third parties (the "Limited Partnership Agreement"). In the formation of the Shenzhen Wanxiang, Shenzhen Jiaxin and Changcheng Jiaxin provided capital contribution of RMB980,000,000 and RMB1,000,000,000, respectively, and satisfied in cash, and are entitled to an expected return at a rate of 4.379% per annum pursuant to the Limited Partnership Agreement. Qianhai Jianian and Shenzhen Xincheng provided capital contribution of RMB1,000,000 and RMB1,000,000 respectively. Unanimous consent of general partners is required on making decisions on relevant activities of Shenzhen Wanxiang. Therefore, Shenzhen Wanxiang is accounted for as a joint venture of the Group.

On 2 August 2016, Shenzhen Wanxiang acquired 99% equity interest in Wanda Property Management Company Limited 萬達物業管理有限公司 ("Wanda Property") at a cash consideration of RMB1,980,000,000 from an independent third party. Wanda Property is accounted for as a subsidiary of Shenzhen Wanxiang and is principally engaged in provision of property operation service in the PRC.

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16. Interests in Joint Ventures (continued)

Summarised financial information in respect of each of the Group's material joint ventures is set out below. The summarised financial information below represented amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using equity method in these consolidated financial statement.

Nanjing Zhongchu

	2016 RMB'000	2015 RMB'000
Current assets	3,818,455	3,029,584
Non-current assets	324	339
Current liabilities	3,248,515	2,437,031
The above amounts of assets and liabilities include the following:		
Bank balance and cash	42,973	38,677
Loss and other comprehensive expense for the year	(22,628)	(7,223)
The above loss for the year include the following:		
Depreciation and amortisation	(15)	(45)
Interest income	60,151	58,180

Reconciliation of the above summarised financial information to the carrying amount of the interest in Nanjing Zhongchu recognised in the consolidated financial statements:

	2016 RMB'000	2015 RMB'000
Net assets of Nanjing Zhongchu	570,264	592,892
Proportion of the Group's ownership interest in Nanjing Zhongchu	60%	60%
Carrying amount of the Group's interest in Nanjing Zhongchu	342,158	355,735

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16. Interests in Joint Ventures (continued)

Chuangshi Jianian

	2016 RMB'000
Current assets	1,010,667
Current liabilities	12,005
The above amounts of assets and liabilities include the following:	
Bank balances and cash	33
Profit and other comprehensive income for the year	14,127
The above profit for the year include the following:	
Interest income	12,875

Reconciliation of the above summarised financial information to the carrying amount of the interest in Chuangshi Jianian recognised in the consolidated financial statements:

	2016 RMB'000
Net assets of Chuangshi Jianian	998,662
Proportion of the Group's ownership interest in Chuangshi Jianian	38.8%
Carrying amount of the Group's interest in Chuangshi Jianian	387,481

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16. Interests in Joint Ventures (continued)

Shenzhen Wanxiang

	2016 **RMB'000**
Current assets	1,249,671
Non-current assets	1,882,024
Current liabilities	958,559
Non-current liabilities	2,134,922
The above amounts of assets and liabilities include the following:	
Bank balances and cash	275,371
Current financial liabilities (excluding trade and other payables and provisions)	33,116
Non-current financial liabilities (excluding trade and other payables and provisions)	2,134,922
Revenue	667,261
Profit and other comprehensive income for the year	29,609
The above profit for the year include the following:	
Depreciation and amortisation	29,294
Interest income	7,007
Interest expense	40,588
Income tax expense	15,119

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16. Interests in Joint Ventures (continued)

Shenzhen Wanxiang (continued)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in Shenzhen Wanxiang recognised in the consolidated financial statements:

	2016 RMB'000
Net assets of Shenzhen Wanxiang	38,214
Proportion of the Group's ownership interest in Shenzhen Wanxiang	50.0%
Carrying amount of the Group's interest in Shenzhen Wanxiang	19,107

Aggregate information of joint ventures that are not individually material

	2016 RMB'000	2015 RMB'000
The Group's share of profit	41,795	2,713
Aggregate carrying amount of the Group's interests in these joint ventures	202,921	54,309

17. Available-For-Sale Investments

	2016 RMB'000	2015 RMB'000
Unlisted equity investments, at cost	30,215	–

The above unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

18. Goodwill

	RMB'000
COST	
At 1 January 2015	165,434
Arising on acquisition of businesses (note 46(b))	599,631
At 31 December 2015	765,065
Arising on acquisition of businesses (note 46(b))	179,201
At 31 December 2016	944,266
IMPAIRMENT	
At 1 January 2015, 31 December 2015 and 2016	31,516
CARRYING AMOUNTS	
At 31 December 2016	912,750
At 31 December 2015	733,549

Goodwill arose from acquisition of subsidiaries whose principal activities are mainly provision of property operation services.

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units ("CGU") comprising property operation services segment, that are expected to benefit from those business combinations.

The recoverable amount of the CGU has been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial budgets approved by the management covering a 5-year period and at a discount rate which ranges from 14% to 20% (2015: 14% to 20%) per annum. The cash flows beyond the 5-year period are extrapolated using zero growth rate.

Cash flow projections during the budget period for the CGU are based on management's key estimation of cash inflows/outflows including revenue, gross profit, operating expenses and working capital requirements. The assumptions and estimation are based on the CGU past performance and management's expectation of market development. The management of the Group believes that any reasonably possible change in the key estimation of the value-in-use calculation would not cause the carrying amount to exceed its recoverable amount.

During the year ended 31 December 2016 and 2015, management of the Group determined that there is no impairment of its CGU containing goodwill for the acquisition of businesses.

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19. Intangible Assets

	Property management contracts and customer relationship RMB'000	**Trademark RMB'000**	**Total RMB'000**
COST			
At 1 January 2015	31,261	–	31,261
Arising on acquisition of subsidiaries (note 46(b))	138,187	52,441	190,628
At 31 December 2015	169,448	52,441	221,889
Arising on acquisition of subsidiaries (note 46(b))	81,378	–	81,378
At 31 December 2016	250,826	52,441	303,267
AMORTISATION			
At 1 January 2015	4,411	–	4,411
Charge for the year	13,004	–	13,004
At 31 December 2015	17,415	–	17,415
Charge for the year	23,107	3,497	26,604
At 31 December 2016	40,522	3,497	44,019
CARRYING AMOUNT			
At 31 December 2016	210,304	48,944	259,248
At 31 December 2015	152,033	52,441	204,474

The property management contracts, customer relationship and trade mark were acquired from independent third parties through the acquisition of subsidiaries.

The above intangible assets have finite useful lives and are amortised on a straight line basis over the contract term ranging from 60 months to 180 months.

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20. Prepaid Lease Payments

	2016 RMB'000	2015 RMB'000
Non-current assets	1,765,515	868,698
Current assets	48,151	34,274
	1,813,666	902,972

As at 31 December 2016, certain of the Group's prepaid lease payments with a carrying amount of RMB11,448,000 (2015: RMB435,475,000) were pledged to banks to secure the banking facilities granted to the Group.

During the year ended 31 December 2016, prepaid lease payments of RMB149,950,000 (2015: nil) was transferred to properties under development for sale upon commencement of the related construction work in certain property development projects.

21. Premium on Prepaid Lease Payments

Premium on prepaid lease payments of the Group represent the excess of the fair value over the carrying amount of the prepaid lease payments and amounting to RMB1,621,230,000 (2015: RMB175,847,000) in respect of leasehold lands in the PRC under long-term lease acquired through acquisition of subsidiaries during the year and are amortised over the period of the remaining lease term on a straight-line basis.

	RMB'000
COST	
At 1 January 2015 and 31 December 2015	204,376
Acquisition of subsidiaries (note 46(a) and (b))	1,635,601
Disposal of subsidiaries (note 47(c))	(195,774)
At 31 December 2016	1,644,203
AMORTISATION	
At 1 January 2015	24,851
Amortised for the year	3,678
At 31 December 2015	28,529
Amortised for the year	17,874
Disposal of subsidiaries (note 47(c))	(23,430)
At 31 December 2016	22,973
CARRYING AMOUNTS	
At 31 December 2016	1,621,230
At 31 December 2015	175,847

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21. Premium on Prepaid Lease Payments (continued)

Analysed for reporting purposes as:

	2016 RMB'000	2015 RMB'000
Non-current assets	1,592,486	172,169
Current assets	28,744	3,678
	1,621,230	175,847

22. Deposits Paid for Acquisition of Subsidiaries

As at 31 December 2016, the Group had made deposits of RMB124,593,000 (2015: RMB124,593,000) in relation to the acquisition of certain parcels of land through acquisition of Yunnan Zhongfucheng Property Development Co., Limited 雲南眾福成房地產開發有限公司 ("Yunnan Zhongfucheng") from an independent third party. The aforesaid company is principally engaged in property development in the PRC.

As at 31 December 2016, the Group had made deposits of RMB142,537,000 (2015: RMB106,736,000) in relation to the acquisition of a number of companies which are principally engaged in property operation in the PRC from independent third parties. According to the sale and purchase agreements, the deposits paid will be fully refunded to the Group if the acquisition is not successful.

At the date theses consolidated financial statement are authorised for issuance, the acquisition of these subsidiaries has not been completed.

23. Deposit Paid for Acquisition of a Property Project

As at 31 December 2016, the Group had made deposit of RMB159,073,000 (2015: RMB140,946,000) in relation to the acquisition of a property project from an independent property developer.

The aforesaid deposit related to acquisition of a building for hotel operations and is therefore classified as non-current assets. At the date theses consolidated financial statement are authorised for issuance, the acquisition of this project has not been completed.

24. Deposits Paid for Acquisition of Land Use Rights

As at 31 December 2016, the Group had made deposits of RMB1,095,077,000 (2015: RMB1,050,077,000) in relation to acquisition of land use rights from independent third parties.

25. Deferred Taxation

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

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

	2016 RMB'000	2015 RMB'000
Deferred tax assets	(466,577)	(462,161)
Deferred tax liabilities	1,236,629	1,071,358
	770,052	609,197

	Fair value change of investment properties RMB'000	Revaluation of investment properties, and revaluation of assets under business combination RMB'000	Temporary difference on accruals RMB'000	Tax losses RMB'000	Intangible assets RMB'000	Others RMB'000 (note)	Total RMB'000
At 1 January 2015	1,157,227	22,959	(43,369)	(173,901)	6,712	(372,187)	597,441
Charge to other comprehensive income	–	2,969	–	–	–	–	2,969
Acquisition of subsidiaries (note 46(a)(b))	14,065	12,139	(2,099)	(1,151)	43,199	(5,902)	60,251
Charge (credit) to profit or loss	265,841	–	(3,429)	6,467	(3,251)	(21,872)	243,756
Disposal of subsidiaries (note 47(a))	(287,202)	(8,093)	–	75	–	–	(295,220)
At 31 December 2015	1,149,931	29,974	(48,897)	(168,510)	46,660	(399,961)	609,197
Credit to other comprehensive income	–	–	–	–	–	(5,743)	(5,743)
Acquisition of subsidiaries (note 46(b))	–	232,879	–	–	20,345	–	253,224
Charge (credit) to profit and loss	22,408	–	(4,379)	18,871	(6,651)	(130,845)	(100,596)
Disposal of subsidiaries (note 47(a) and (c))	(59,500)	–	(4,208)	–	–	77,678	13,970
At 31 December 2016	1,112,839	262,853	(57,484)	(149,639)	60,354	(458,871)	770,052

Note: Others mainly represent the deductible temporary difference arising from LAT provision and remeasurement of defined benefit obligations.

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25. Deferred Taxation (continued)

As at 31 December 2016, the Group had unutilised tax losses of RMB3,299,418,000 (2015: RMB3,065,202,000). A deferred tax asset has been recognised in respect of RMB598,556,000 (2015: RMB674,040,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB2,700,862,000 (2015: RMB2,391,162,000) due to the unpredictability of future profits streams.

As at 31 December 2016, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, was RMB10,412,486,000 (2015: RMB7,582,886,000). No deferred tax liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

26. Properties for Sale

	2016 RMB'000	2015 RMB'000
Completed properties for sale	5,585,600	5,393,480
Properties under development for sale	9,762,379	16,408,168
	15,347,979	21,801,648

As at 31 December 2016, certain of the Group's properties for sale with a carrying amount of RMB783,361,000 (2015: RMB1,960,608,000) were pledged to secure certain banking facilities granted to the Group.

During the year ended 31 December 2016, completed properties for sale with an aggregate carrying amount of RMB669,372,000 (2015: RMB169,807,000) were transferred to investment properties upon change in use as evidenced by signing of relevant tenancy agreements. The excess of the fair value of these properties at the date of transfer over their carrying amounts, amounting to RMB478,005,000 (2015: RMB175,922,000) were recognised in the consolidated statement of profit or loss and other comprehensive income.

Included in the amount are properties under development for sale of RMB6,040,855,000 (2015: RMB8,608,294,000) in relation to property development projects that are expected to complete after one year from the end of the reporting period.

27. Trade and Other Receivables

	Notes	2016 RMB'000	2015 RMB'000
Trade receivables	(a)	1,720,333	1,317,151
Other receivables	(b)	365,754	362,730
Loan receivables	(c)	338,708	–
Prepayments and other deposits		199,897	186,946
Prepayments to suppliers		212,178	165,829
Prepayments for construction work		1,209,992	1,029,565
Consideration receivables on disposal of subsidiaries (note 47(a))		25,500	761,000
Consideration receivables on disposal of partial interests in subsidiaries resulting in loss of control (note 47(c))		332,500	–
Amount due from Pixian Government	(d)	122,830	512,830
Amount due from Chengdu Government	(e)	5,061	419,274
Other tax prepayments	(f)	315,496	225,563
		4,848,249	4,980,888
Less: Amount shown under non-current assets		(244,038)	(376,841)
Amounts shown under current assets		4,604,211	4,604,047

Notes:

(a) Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sale and purchase agreements.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Management and services fee is received in accordance with the terms of the relevant property service agreements, normally within 30 days to 1 year after the issuance of demand note to the residents. Each customer from the property operation services has a designated credit limit.

Hotel operation and travel agency service income are in form of cash sales.

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27. Trade and Other Receivables (continued)

Notes: (continued)

(a) (continued)

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts presented based on the date of delivery of the properties to the customers for property sale or the date of rendering of services at the end of the reporting period:

	2016 RMB'000	2015 RMB'000
0 to 30 days	856,306	889,136
31 to 90 days	593,460	147,875
91 to 180 days	105,115	118,624
181 to 365 days	91,121	84,137
Over 1 year	74,331	77,379
	1,720,333	1,317,151

Trade receivables mainly represented receivables amounting to RMB1,025,932,000 (2015: RMB943,141,000) from sales of properties, RMB350,878,000 (2015: RMB226,115,000) from property operation services, and RMB343,523,000 (2015: RMB147,895,000) from other segments.

The trade receivables as at 31 December 2016 included the receivables from the property sales of RMB583,232,000 (2015: RMB469,365,000) whereby the banks have agreed to provide mortgage facilities to the property purchasers and the banks are in the process of releasing the funds to the Group.

For property investment and property operation services, before accepting any new customer, the Group would assess the potential customer's credit quality and defined credit rating limits of each customer. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

As at 31 December 2016, included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB270,567,000 (2015: RMB280,140,000) which are past due for which the Group has not provided impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2016 RMB'000	2015 RMB'000
91 to 180 days	105,115	118,624
181 to 365 days	91,121	84,137
Over 1 year	74,331	77,379
	270,567	280,140

27. Trade and Other Receivables (continued)

Notes: (continued)

(a) (continued)

Movement in the allowance for doubtful debts in respect of trade and other receivables

	2016 RMB'000	2015 RMB'000
Balance at the beginning of the year	93,259	48,755
Impairment losses recognised	40,771	48,874
Impairment losses reversed	–	(4,370)
Amounts written off as uncollectible	(1,658)	–
Balance at the end of the year	132,372	93,259

At 31 December 2016, included in trade receivables, the carrying amounts of RMB54,089,000 (2015: nil) has been pledged as borrowings as disclosed in note 38.

(b) The balance mainly includes the payment on behalf of residents for the utilities and sundry charges of property operation services segment.

(c) The loan receivables are as follows:

	Notes	2016 RMB'000	2015 RMB'000
Beijing Jiatewei Management Co., Ltd. 北京嘉特威管理有限公司 ("Jiatewei")	(i)	111,458	–
Xi'an Dilian Real Estate Co., Ltd. 西安地聯置業有限責任公司 ("Xi'an Dilian")	(ii)	150,000	–
Shenzhen Qianxun Technology Co., Ltd. 深圳市乾訊科技有限公司 ("Shenzhen Qianxun")	(iii)	67,500	–
Others		9,750	–
		338,708	–

(i) In January 2016, the Group entered into a loan agreement with Jiatewei, a company controlled by a joint venture of the Group regarding the provision of fund amounting to RMB100,000,000 to Jiatewei, with maturity date of 20 January 2018. The fund advanced to Jiatewei carries interest at 12.5% per annum and is secured by 47.5% equity interests in an entity held by Jiatewei and guaranteed by Mr. Cui Tong 崔桐, who is the shareholder of Jiatewei. As at 31 December 2016, the fund advanced to Jiatewei of RMB100,000,000 and interest receivables of RMB11,458,000 are included in other receivables and classified as non-current assets in the consolidated financial statements.

(ii) In December 2016, the Group entered into a loan agreement with Xi'an Dilian, a company controlled by Ms. Cui Ronghua 崔榮華, a non-controlling shareholder of a subsidiary of the Group, regarding the provision of fund amounting to RMB150,000,000 to Xi'an Dilian, with maturity date in May 2017. The fund advanced to Xi'an Dilian carries interest at 12% per annum and is secured by 100% equity interests of Xi'an Dilian and 100% equity interests of two unlisted companies, whose ultimate controlling shareholder is Ms. Cui Ronghua 崔榮華.

(iii) In December 2016, the Group entered into a loan agreement with Shenzhen Qianxun, which provides repair and maintenance services to the residential communities through the Group's online platform, regarding the provision of fund amounting to RMB70,500,000 to Shenzhen Qianxun with maturity date in June 2017. The fund advanced to Shenzhen Qianxun carries interest at 12% per annum is unsecured and repayable by instalments. As at 31 December 2016, the fund advanced to Shenzhen Qianxun is RMB67,500,000. At the date these consolidated financial statements are authorised for issuance, RMB25,000,000 has been subsequently settled.

27. Trade and Other Receivables (continued)

Notes: (continued)

(d) In September 2009, the Group entered into an agreement ("Agreement 1") with Pixian Government relating to the joint development of the Wangcong Ancient Sichuan Culture Park located in Pixian County, Chengdu, Sichuan Province ("Land Development Project"). Under the Agreement 1, the Group is responsible for preparing overall plans and detailed designs of the culture park as well as the construction of road nearby while the Pixian Government is required to complete the demolition and resettlement work, arrange public auction and pay certain percentage of sale proceeds received in public auction to the Group by reference to the formula set out in the Agreement 1.

During the year ended 31 December 2013, the Group entered into an agreement ("Agreement 2") with Pixian Government relating to the cancellation of the Agreement 1 and revision of the terms of the Land Development Project. Under the Agreement 2, the Group is responsible for provision of funds to Pixian Government and management of the Land Development Project to Pixian Government while the Pixian Government is required to repay finance cost at Benchmark Rate, investment income at 12% per annum and project management fee at 3% per annum based on the accumulated cost incurred by the Group as stipulated in the formula set out in the Agreement 2.

During the year ended 31 December 2016, the principal and investment income amounting to RMB254,011,000 and RMB135,989,000, respectively, were settled. As at 31 December 2016, the outstanding principal amounting to RMB122,830,000 is required to be settled upon disposal of land by Pixian Government which is classified as other receivables (non-current assets).

(e) The balance represented the amount due from the People's Government of Chengdu ("Chengdu Government") amounting to RMB5,061,000 (2015: RMB419,274,000) in relation to the land development project of the Wu Gui Qiao Town located in Jin Jiang Area, Chengdu, Sichuan Province.

(f) As at 31 December 2016, the balance mainly represented business tax and value-added tax amounting to RMB301,988,000 (2015: RMB218,691,000) in accordance with relevant PRC tax rules in respect of its pre-sale of property development projects which has been prepaid and included in other tax prepayments.

28. Amounts Due from Customers for Contract Works

	2016 RMB'000	2015 RMB'000
Contract costs incurred plus recognised profits less recognised losses	226,937	368,733
Less: Progress billings	(170,056)	(296,937)
	56,881	71,796
Analysed for reporting purposes as:		
Amounts due from customers for contract works	73,627	88,937
Amounts due to customers for contract works	(16,746)	(17,141)
	56,881	71,796

Retentions held by customers for contract works for installation contracts was included in trade receivables as at 31 December 2016 and 2015. No significant advance was received from customers prior to commencement of contract works as at 31 December 2016 and 2015.

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29. Amounts Due from Non-Controlling Shareholders of the Subsidiaries

The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

30. Amounts Due from Joint Ventures

	Notes	2016 RMB'000	2015 RMB'000
Amounts due from:			
Novena	(a)	354,406	180,258
Shenzhen Wanxiang	(b)	1,369	–
		355,775	180,258

Notes:

(a) The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

(b) The balance is trade in nature, unsecured, interest-free and granted with one year credit term from the issue date of invoice. The aging of the balance, based on date of invoice, is within 180 days and is not past due.

31. Amounts Due from Related Parties

	Notes	2016 RMB'000	2015 RMB'000
Amounts due from:			
Shenzhen Cube Architecture Designing Consultants Co., Ltd. 深圳市立方建築設計顧問有限公司	(a)	–	1,124
Shenzhen Color Pay Network Technology Co., Ltd. ("Shenzhen Color Pay") 深圳市彩付寶網路技術有限公司	(b)	201,979	183,658
Wanxiangmei Property Management Co., Ltd. ("Wanxiangmei") 萬象美物業管理有限公司	(c)	31,747	–
		233,726	184,782

Notes:

(a) One of the shareholders of Cube Architecture is a company controlled by Ms. Zeng Jie, Baby, who is the controlling shareholder and director of the Company. Cube Architecture provided design service for certain property projects of the Group.

(b) Mr. Pan Jun, a director and the chief executive officer of the Company, is the controlling shareholder of Shenzhen Colour Pay. The balance is non-trade in nature, unsecured, interest-free and repayable on demand.

(c) Wanxiangmei is a subsidiary of Xingfu Wanxiang, which is a joint venture of the Group. The balance is trade in nature, unsecured, interest-free and repayable within one year. The aging of the receivable, based on date of invoice, is within 180 days and is not past due.

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32. Financial Assets Designated as at FVTPL

Financial assets designated at FVTPL of RMB127,275,000 (2015: RMB19,200,000) included a) money market funds investment issued by a reputable securities corporation and b) debt investments through an online platform owned by Shenzhen Colour Pay. The return and principal of the investments were not guaranteed by the securities corporation. The value of the market funds investment varies by reference to the performance of the underlying investments mainly comprising debt investments in the PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits. The value of the debt investments varies by reference to the performance of the underlying investments mainly comprising corporate bonds and personal debts in the PRC.

33. Restricted/Pledged Bank Deposits/Bank Balances and Cash

The restricted/pledged bank deposits amounting to RMB1,152,544,000 (2015: RMB510,832,000) will be released upon the buyers obtaining the individual property ownership certificate, while a total amount of RMB346,052,000 (2015: RMB137,209,000) are proceeded from presale of properties with the restriction of use for settlement of construction costs for relevant property projects. A term deposits amounting to RMB499,228,000 (2015: RMB688,441,000) were pledged to banks to secure banking facilities granted to the Group.

The Group's restricted/pledged bank deposits and bank balances carry variable interest rates ranging from 0.28% to 3.70% (2015: 0.30% to 3.10%) and from 0.01% to 2.75% (2015: 0.01% to 2.80%), respectively.

As at 31 December 2016, bank balances of the relevant group entities denominated in foreign currencies as below:

	2016 RMB'000	2015 RMB'000
United States Dollars ("USD")	1,322,541	24,247
Hong Kong Dollars ("HKD")	859,422	84,189
Taiwan Dollars ("TWD")	30,646	–
Singapore Dollars ("SGD")	3,167	4,818
Macao Pataca ("MOP")	1,962	–
Japanese Yen ("JPY")	1,376	1,434

34. Trade and Other Payables

	Notes	2016 RMB'000	2015 RMB'000
Trade payables		2,487,201	4,530,755
Deposit received	(a)	537,172	587,197
Other payables	(b)	612,175	901,313
Other tax payables		323,933	188,376
Accrued staff costs		254,203	215,566
Consideration payables for acquisition of subsidiaries (note 46(a) and (b))		169,383	138,127
Accruals		53,813	58,360
Retention payables		7,128	7,234
		4,445,008	6,626,928

Trade payables principally comprise amounts outstanding for purchase of materials and subcontracting fee for the construction of properties for sale. The average credit period for purchase of construction materials ranged from six months to one year.

The following is an aged analysis of the Group's trade payables and retention payables presented based on the invoice date at the end of the reporting period:

	2016 RMB'000	2015 RMB'000
0 to 60 days	1,194,063	2,012,493
61 to 180 days	416,973	771,978
181 to 365 days	458,649	1,088,540
1–2 years	324,000	575,877
2–3 years	96,064	85,096
Over 3 years	4,580	4,005
	2,494,329	4,537,989

Notes:

(a) The balance of deposits received amounting to RMB537,172,000 (2015: RMB517,197,000) mainly represented the earnest money received from potential property buyers.

(b) The balance of other payables mainly included receipt on behalf of residents amounting to RMB220,670,000 (2015: RMB157,581,000) and advances for settlement of property services fees amounting to RMB133,679,000 (2015: RMB72,844,000).

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35. Amount Due to a Non-Controlling Shareholder of the Company

During the year ended 31 December 2014, the Group acquired Huizhou TCL Property Development Company Limited 惠州TCL房地產開發有限公司 ("Huizhou TCL Corporation") from TCL Corporation and two other independent third parties at a consideration of RMB1,905,053,000. The consideration of RMB939,525,000 has been settled by the issuance of 863,600,000 ordinary shares of the Company to TCL Corporation, and the remaining consideration of RMB965,528,000 is interest-bearing at 10.58% per annum and will be payable within 3 years by three installments. The unpaid consideration payable of RMB310,438,000 as at 31 December 2016 has been fully settled subsequently on 6 January 2017.

The movement of consideration payables to the non-controlling shareholder of the Company is as follows:

	RMB'000
At 1 January 2015	1,106,627
Interest expenses	48,581
Repayment	(435,288)
At 1 January 2016	719,920
Interest expenses	17,996
Repayment	(427,478)
At 31 December 2016	310,438

36. Amounts Due to Joint Ventures

	2016 RMB'000	**2015 RMB'000**
Amounts due to:		
Nanjing Zhongchu	284,157	1,023,916
Wuhan Yituobang	10,000	10,000
	294,157	1,033,916

As at 31 December 2016, the balances are non-trade in nature, unsecured, interest-free and repayable on demand.

37. Amounts Due to Associates

	2016 RMB'000	**2015 RMB'000**
Amounts due to:		
Shenzhen Haohanying	489,190	–
Yuezhong	6,130	–
Fantasia Pension	1,434	–
Beijing Huawanli	564,584	–
	1,061,338	–

The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

38. Borrowings

	Notes	2016 RMB'000	2015 RMB'000
Bank loans		2,826,679	3,164,412
Other loans	(a)	540,787	800,000
		3,367,466	3,964,412
Secured	(b)	3,268,856	3,914,412
Unsecured		98,610	50,000
		3,367,466	3,964,412
Carrying amount repayable:			
Within one year		929,458	1,407,598
More than one year, but not exceeding two years		1,559,468	1,225,488
More than two years, but not exceeding five years		776,035	1,242,871
More than five years		102,505	88,455
Total borrowings		3,367,466	3,964,412
Less: Amounts due within one year shown under current liabilities		(929,458)	(1,407,598)
Borrowings due after one year shown under non-current liabilities		2,438,008	2,556,814

Notes:

(a) Other loans amounting to RMB300,000,000 (2015: RMB800,000,000) represented loans provided by certain trust companies, which is secured by entire entity interest of a subsidiary of the Company and carried interest rate of 9.3% (2015: 12.0%) per annum. The loan balance as at 31 December 2016 will be fully repaid within 2018.

Other loans amounting to RMB31,500,000 (2015: nil) represented loans provided by a commercial factoring company, which is secured by trade receivables and carried interest rate ranging from 8.0% to 8.5% per annum. The loan balance as at 31 December 2016 will be fully repaid within 2017.

Other loans amounting to RMB201,027,000 (2015: nil) is secured by a hotel building and carried interest of 8.4% per annum. The loan balance as at 31 December 2016 will be fully repaid within 2019.

The remaining balance of other loans amounting to RMB8,260,000 (2015: nil) carrying interest rate of 8.0% is unsecured and will be fully repaid within 2022.

(b) As at 31 December 2016, certain directors of the Company provided joint guarantees to the banks and trust companies to secure the Group's bank borrowings amounting to RMB492,982,500 (2015: RMB247,000,000) in aggregate.

The amounts due above are based on scheduled repayment dates set out in the loan agreements. As at 31 December 2016, all borrowings are denominated in RMB except that secured borrowings amounting to RMB157,721,000 (2015: RMB332,708,000) and RMB50,142,000 (2015: RMB39,530,000) are denominated in USD and JPY, respectively.

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38. Borrowings (continued)

The exposure of the Group's borrowings is as following:

	2016 RMB'000	2015 RMB'000
Fixed-rate borrowings	1,517,601	869,702
Variable-rate borrowings	1,849,865	3,094,710
	3,367,466	3,964,412

The ranges of effective interest rates (which are the contracted interest rates) on the Group's borrowings are as follows:

	2016	2015
Effective interest rate:		
Fixed-rate borrowings	3.45% to 10.5% per annum	7.4% to 12.0% per annum
Variable-rate borrowings		
London Inter Bank Offered Rate ("LIBOR")	+2.0% per annum	+2.0% per annum
Benchmark Lending Rate of the People's Bank of China ("Benchmark Rate")	–3.0% to +4.3% per annum	–0.1% to +3.6% per annum
Benchmark deposit rate of the People's Bank of China	+1.8% per annum	+1.8% per annum
Interbank offered benchmark rate	+1.8% per annum	–

39. Obligations Under Finance Leases

It is the Group's policy to lease certain of its transportation equipment under finance leases. The average lease term is 5 years (2015: 6 years) for the transportation equipment. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging 4.2% (2015: 4.2%) per annum for the transportation equipment.

39. Obligations Under Finance Leases (continued)

	Minimum lease payments		Present value of minimum lease payments	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Amounts payable under finance leases				
Within one year	27,780	26,922	23,610	22,101
More than one year but not more than two years	26,799	26,004	22,025	21,691
More than two years but not more than five years	68,730	72,502	66,513	66,713
More than five years	–	16,920	–	16,575
	123,309	142,348	112,148	127,080
Less: future finance charge	(11,161)	(15,268)	–	–
Present value of lease obligations	112,148	127,080	112,148	127,080
Less: Amount due for settlement within one year shown under current liabilities			(23,610)	(22,101)
Amount due for settlement after one year shown under non-current liabilities			88,538	104,979

Finance lease obligation of the transportation equipment are denominated in USD, which is the foreign currency of the relevant group entities. Finance lease obligations of the group are secured by the leased assets.

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40. Senior Notes and Bonds

	Notes	2016 RMB'000	2015 RMB'000
2012 senior notes due 2017	(a)	1,575,183	1,634,145
2013 January senior notes due 2020	(b)	1,796,660	1,644,646
2013 May senior notes due 2016	(c)	–	1,004,105
2014 senior notes due 2019	(d)	2,013,563	1,982,577
2015 May senior notes due 2018	(e)	1,383,274	1,258,302
2015 domestic corporate bonds due 2020	(f)	2,016,535	2,011,477
2016 first domestic corporate bonds due 2020	(g)	1,093,627	–
2016 second domestic corporate bonds due 2019	(h)	402,585	–
2016 third domestic corporate bonds due 2019	(i)	3,025,026	–
2016 May senior notes due 2019	(j)	1,586,433	–
2016 October senior notes due 2021	(k)	3,486,739	–
		18,379,625	9,535,252
Carrying amounts repayable:			
Within one year		1,575,183	1,004,105
More than one year, but not exceeding two years		1,383,274	1,634,145
More than two years, but not exceeding five years		15,421,168	6,897,002
		18,379,625	9,535,252
Less: Amounts due within one year shown under current liabilities		(1,575,183)	(1,004,105)
Amounts due after one year shown under non-current liabilities		16,804,442	8,531,147

Notes:

(a) 2012 senior notes due 2017

On 27 September 2012, the Company issued senior notes in an aggregate principal amount of US$250,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 99.5% of the principal amount of the senior notes. The senior notes are listed on the Singapore Exchange Securities Trading Limited (the "SGX"). The senior notes carry interest of 13.8% per annum and interest is payable semi-annually on 27 March and 27 September in arrears. The notes will mature on 27 September 2017, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 20 September 2012 ("Applicable Premium 1") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 1 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 27 September 2017 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

40. Senior Notes and Bonds (continued)

Notes: (continued)

(a) 2012 senior notes due 2017 (continued)

At any time and from time to time prior to 27 September 2015, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 113.8% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The senior notes contain a liability component and the above early redemption options. The effective interest rate of the liability component is approximately 14.9% per annum. 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 is insignificant on initial recognition, 31 December 2015 and 2016.

During the year ended 31 December 2016, the Company repurchased the 2012 senior notes due 2017 amounted to RMB210,233,000 at a price of RMB229,044,000, loss on repurchase of 2012 senior notes of RMB18,811,000 is recognised in profit or loss. Upon completion of the repurchase, all repurchased senior notes were cancelled.

(b) 2013 January senior notes due 2020

On 22 January 2013, the Company issued guaranteed senior notes in an aggregate principal amount of US$250,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 10.75% per annum and interest is payable semi-annually on 22 January and 22 July in arrears. The senior notes will mature on 22 January 2020, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 22 January 2013 ("Applicable Premium 2") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 2 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 22 January 2020 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time on or after 22 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to 100% percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 22 January 2017, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 110.75% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

Period	Redemption price
22 January 2017–21 January 2018	105.3750%
22 January 2018–21 January 2019	102.6875%
22 January 2019 and thereafter	100.0000%

For the year ended 31 December 2016

40. Senior Notes and Bonds (continued)

Notes: (continued)

(b) 2013 January senior notes due 2020 (continued)

The senior notes contain a liability component and the above early redemption options. The effective interest rate of the liability component is approximately 14.6% per annum. 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 is insignificant on initial recognition, 31 December 2015 and 2016.

(c) 2013 May senior notes due 2016

On 27 May 2013, the Company issued guaranteed senior notes in an aggregate principal amount of RMB1,000,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 7.875% per annum and interest is payable semi-annually on 27 November and 27 May in arrears. The senior notes matured and repaid on 27 May 2016.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 27 May 2013 ("Applicable Premium 3") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 3 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 27 May 2016 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 27 May 2016, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 107.875% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The senior notes contain a liability component and the above early redemption options. The effective interest rate of the liability component is approximately 11.3% per annum. 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 is insignificant on initial recognition and 31 December 2015.

For the year ended 31 December 2016

40. Senior Notes and Bonds (continued)

Notes: (continued)

(d) 2014 senior notes due 2019

On 23 January 2014, the Company issued guaranteed senior notes in an aggregate principal amount of USD300,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 10.625% per annum and interest is payable semi-annually on 23 January and 23 July in arrears. The senior notes will mature on 23 January 2019, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time prior to 23 January 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 23 January 2014 ("Applicable Premium 4") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 4 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 23 January 2017 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time on or after 23 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12-month period beginning on 23 January of the years indicated below.

At any time and from time to time prior to 23 January 2017, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 110.75% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Period	**Redemption price**
23 January 2017–22 January 2018	105.31250%
23 January 2018 and thereafter	102.65625%

The senior notes contain a liability component and the above early redemption options. The effective interest rate of the liability component is approximately 11.1% per annum. 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 is insignificant on initial recognition, 31 December 2015 and 2016.

During the year ended 31 December 2016, the Company repurchased the 2014 senior notes due 2019 amounted to RMB148,306,000 at a price of RMB159,183,000, loss on repurchase of 2014 senior notes of RMB10,877,000 is recognised in profit or loss. Upon completion of the repurchase, all repurchased senior notes were cancelled.

For the year ended 31 December 2016

40. Senior Notes and Bonds (continued)

Notes: (continued)

(e) 2015 May senior notes due 2018

On 27 May 2015, the Company issued guaranteed senior notes in an aggregate principal amount of USD200,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 99.26% of the principal amount. The senior notes are listed on the SGX and carry interest of 11.50% per annum and interest is payable semi-annually on 1 June and 1 December in arrears. The senior notes will mature on 1 June 2018, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time prior to 1 June 2018, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 27 May 2015 ("Applicable Premium 5") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 5 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 1 June 2018 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 1 June 2018, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 111.50% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The senior notes contain a liability component and the above early redemption options. The effective interest rate of the liability component is approximately 12.6% per annum. 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 is insignificant on initial recognition, 31 December 2015 and 2016.

(f) 2015 domestic corporate bonds due 2020

On 18 September 2015, a wholly-owned subsidiary of the Company, Fantasia Group (China) Co., Ltd. 花樣年集團（中國）有限公司 ("Fantasia Group China") issued domestic corporate bonds of RMB2,000,000,000 ("2015 Domestic Corporate Bonds"), which are listed on the Shanghai Stock Exchange ("SSE"). 2015 Domestic Corporate Bonds are unsecured, carry interest at rate of 6.95% per annum and interest is payable annually, commencing on 18 September 2015. 2015 Domestic Corporate Bonds will mature on 16 September 2020 unless the holders sell back the bonds to Fantasia Group China earlier.

At the end of the third year subsequent to the inception date, Fantasia Group China as the issuer is entitled to adjust interest rate and the holders of 2015 Domestic Corporate Bonds may at their options ("Put Option 1") to sell back the bonds to Fantasia Group China in whole or in part at face value of their principal amount.

The above bonds contain a liability component and the Put Options 1. The effective interest rate of the liability component is approximately 7.3% per annum. Put Option 1 held by the bonds holders is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from liability component.

For the year ended 31 December 2016

40. Senior Notes and Bonds (continued)

Notes: (continued)

(g) 2016 first domestic corporate bonds due 2020

On 4 January 2016, a wholly-owned subsidiary of the Company, Fantasia Group China issued public domestic corporate bonds of RMB1,100,000,000 ("2016 First Domestic Corporate Bonds"), which are listed on the Shenzhen Stock Exchange ("SZSE"). The corporate bonds are unsecured, carry interest at rate of 7.29% per annum and interest is payable annually, commencing on 30 December 2015. 2016 First Domestic Corporate Bonds will mature on 31 December 2020 unless the holders sell back the bonds to Fantasia Group China earlier.

At the end of the third year subsequent to the inception date, Fantasia Group China as the issuer is entitled to adjust interest rate and the holders of 2016 First domestic corporate bonds may at their options ("Put Options 2") to sell back the bonds to Fantasia Group China in whole or in part at face value of their principal amount.

The above bonds contain a liability component and the Put Options 2. The effective interest rate of the liability component is approximately 7.46% per annum. Put Options 2 held by the bonds holders is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from liability component.

(h) 2016 second domestic corporate bonds due 2019

On 29 January 2016, Shenzhen Colour Life Services Group Co., Limited 深圳市彩生活服務集團有限公司 ("Shenzhen Colour Life"), a non-wholly owned subsidiary of the Company, issued first tranche of non-public domestic corporate bonds ("2016 Second Domestic Corporate Bonds") of RMB100,000,000, which are secured, carry interest at rate of 6.7% per annum and interest is payable annually, commencing on 29 January 2016 and will mature on 28 January 2019. The effective interest rate is 7.91% per annum.

On 9 September 2016, Shenzhen Colour Life issued the second tranche of 2016 Second Domestic Corporate Bonds of RMB300,000,000, which are secured, carry interest at rate of 7.00% per annum and interest is payable annually, commencing on 9 September 2016 and will mature on 8 September 2019 respectively. The effective interest rate is 8.1% per annum.

(i) 2016 third domestic corporate bonds due 2019

During the year ended 31 December 2016, Fantasia Group China issued non-public domestic corporate bonds of RMB3,000,000,000 ("Third Domestic Corporate Bonds") in aggregation by five tranches detailed as below:

Tranche	Issue date	Maturity date	Interest rate per annum	Principal RMB'000
First tranche	19 May 2016	19 May 2019	7.5%	500,000
Second tranche	15 July 2016	15 July 2019	6.8%	331,000
Third tranche	17 August 2016	17 August 2019	7.2%	1,300,000
Fourth tranche	23 August 2016	23 August 2019	7.3%	300,000
Fifth tranche	7 September 2016	7 September 2019	6.6%	569,000

The Third Domestic Corporate Bonds are unsecured and interest is payable annually. The five tranches of domestic corporate bonds will mature in 2019, unless the holders sell back the bonds to Fantasia Group China earlier.

At the end of the second year subsequent to the inception dates, Fantasia Group China as the issuer is entitled to adjust interest rate and the holders of 2016 Third Domestic Corporate Bonds may at their options ("Put Options 3") to sell back the bonds to Fantasia Group China in whole or in part at face value of their principal amount.

The above bonds contain a liability component and the Put Options 3. The effective interest rates of the liability component are approximately 8.22%, 7.52%, 8.05%, 8.29% and 7.97% per annum. Put Options 3 held by the bonds holders is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from liability component.

For the year ended 31 December 2016

40. Senior Notes and Bonds (continued)

Notes: (continued)

(j) 2016 May senior notes due 2019

On 4 May 2016, the Company issued guaranteed senior notes in an aggregate principal amount of RMB600,000,000 ("2016 May Original Senior Notes"). The 2016 May Original Senior Notes are guaranteed by certain subsidiaries of the Company. The issue price is 100% of the principal amount. The 2016 May Original Senior Notes are listed on the SGX and carry interest of 9.5% per annum and interest is payable semi-annually on 4 May and 4 November in arrears. The senior notes will mature on 4 May 2019, unless redeemed earlier.

On 29 August 2016, the Company issued additional guaranteed senior notes in the aggregate nominal value of RMB1,000,000,000 ("2016 May Additional Senior Notes"). The 2016 May Additional Senior Notes are guaranteed by certain subsidiaries of the Company. The issue price is 101.625% of the principal amount. The 2016 May Additional Senior Notes are listed on SGX and carry interest of 9.5% per annum and interest is payable semi-annually on 29 August and 28 February in arrears, unless redeemed earlier. 2016 May Additional Senior Notes will be consolidated and form a single series with the 2016 May Original Senior Notes with the same terms and conditions of the 2016 May Original Senior Notes, except for the issue date and the issue price.

The senior notes may be redeemed in the following circumstances:

At any time prior to 4 May 2019, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 26 April 2016 ("Applicable Premium 6") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 6 is the excess of the amount equivalent to the principal amount and related interest up to 4 May 2019 discounted at 2% over the principal amount on such redemption date.

At any time and from time to time prior to 4 May 2019, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company at a redemption price of 109.50% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The senior notes contain a liability component and the above early redemption options. The effective interest rate of the liability component is approximately 10.66% per annum. 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 is insignificant on initial recognition and 31 December 2016.

(k) 2016 October senior notes due 2021

On 4 October 2016, the Company issued guaranteed senior notes in an aggregate principal amount of US$400,000,000 ("2016 October Original Senior Notes"). The 2016 October Original Senior Notes are guaranteed by certain subsidiaries of the Company. The issue price is 100% of the principal amount. The 2016 May Original Senior Notes are listed on the SGX and carry interest of 7.375% per annum and interest is payable semi-annually on 4 October and 4 April in arrears. The senior notes will mature on 4 October 2021, unless redeemed earlier.

On 29 December 2016, the Company issued additional guaranteed senior notes in the aggregate nominal value of US$100,000,000 ("2016 October Additional Senior Notes"). The 2016 October Additional Senior Notes are guaranteed by certain subsidiaries of the Company. The issue price is 99.884% of the principal amount. The 2016 May Additional Senior Notes are listed on SGX and carry interest of 7.375% per annum and interest is payable semi-annually on 29 December and 29 May in arrears, unless redeemed earlier. 2016 October Additional Senior Notes will be consolidated and form a single series with the 2016 October Original Senior Notes with the same terms and conditions of the 2016 October Original Senior Notes, except for the issue date and the issue price.

40. Senior Notes and Bonds (continued)

Notes: (continued)

(k) 2016 October senior notes due 2021(continued)
The senior notes may be redeemed in the following circumstances:

At any time and from time to time on or after 4 October 2019, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12 month period beginning on 4 October of the years indicated below.

Period	**Redemption price**
4 October 2019–3 October 2020	103.688%
4 October 2020 and thereafter	101.844%

At any time prior to 4 October 2019, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 28 September 2016 ("Applicable Premium 7") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 7 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 4 October 2019 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 4 October 2019, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 107.375% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The senior notes contain a liability component and the above early redemption options. The effective interest rate of the liability component is approximately 7.70% per annum. 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 is insignificant on initial recognition, 31 December 2015 and 31 December 2016.

The movements of the liability component in the senior notes and bonds during the year are set out below:

	2016 **RMB'000**	**2015** **RMB'000**
At 1 January	9,535,252	6,768,132
Net proceeds on the date of issuance of senior notes and bonds	9,304,790	3,181,694
Exchange loss	637,911	256,623
Interest expenses	1,364,974	887,481
Payment of interest	(1,104,763)	(762,752)
Repayment of senior notes	(1,000,000)	(795,926)
Partial repurchase 2012 senior notes due 2017 and 2014 senior notes due 2019	(358,539)	–
At 31 December	18,379,625	9,535,252

41. Assets Backed Securities Issued

	2016 RMB'000	2015 RMB'000
Assets backed securities issued	275,084	–
Carrying amounts repayable:		
within one year	37,642	–
More than one year, but not exceeding two years	52,236	–
More than two years, but not exceeding five years	185,206	–
	275,084	
Less: Amounts due within one year shown under current liabilities	(37,642)	–
Amounts due after one year included in non-current liabilities	237,442	–

In August 2016, Shenzhen Colour Life issued assets backed securities ("ABS") under securitisation arrangements collateralised by the future cash inflows relating to certain trade receivables for the payments of property management fee. The ABS were issued at a discount of 5% with aggregate nominal value of RMB300,000,000 which carry interests ranging from 4.5% to 6.1% per annum. Under the securitisation arrangement, the principal and interest are payable quarterly and with maturity from November 2016 to August 2021. The effective interest rates range from 6.9% to 8.3% per annum.

For certain portion of ABS amounting to RMB135,000,000, at the end of the third year, Shenzhen Colour Life as the issuer is entitled to adjust the interest rate and the holders of ABS may at their options ("Put Option 4") to sell back the ABS to the Group in whole or in part at face value of their principal amount.

Put Option 4 is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from liability portion.

The movement of the liability component in the ABS during the year is set out below:

	RMB'000
At 1 January 2016	–
Net proceeds on the date of issuance of ABS	284,930
Interest expenses	6,863
Repayment of principal	(12,500)
Interest paid	(4,209)
At 31 December 2016	275,084

42. Defined Benefit Obligation

A wholly-owned subsidiary of the Company paid post-employment obligations to its eligible employees who had retired and would be retired in the further as at 31 December 2012 in the PRC in accordance with employee benefit scheme adopted by the subsidiary. These benefits were only applicable to the qualifying employees.

The plan exposes the Group to actuarial risks such as interest rate risk, salary increase risk, average salary expense risk and turnover rate risk.

Interest rate risk	The present value of the defined benefit plan obligations is calculated using a discount rate determined by reference to government bond yields. As such, a decrease in the bond interest rate will increase the plan liability.
Salary increase risk	The present value of the defined benefit plan obligations is calculated by reference to the future benefits of plan participants. As such, an increase in the salary of the plan participants will increase the plan liability.
Average salary expense risk	The present value of the defined benefit plan obligations is calculated by reference to the future average salary expense of plan participants. As such, an increase in the average salary expense of the plan participants will increase the plan liability.
Turnover rate risk	The present value of the defined benefit plan obligations is calculated by reference to the future turnover of plan participants. As such, a decrease in the turnover of the plan participants will increase the plan liability.

The actuarial valuation of the present value of the defined benefit obligations as at 31 December 2016 was carried out by an independent firm of actuaries, Aon Hewitt Consulting (Shanghai) Co., Ltd., a member of America Association of Actuaries. The present value of the defined benefit obligations, and the related current service cost and past cost were measured using the Projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	31 December 2016	Acquisition date
Discount rate	3.75%	3.50%
Salary increase rate	5.00%	5.00%
Average salary expense trend rate	5.00%	5.00%
Turnover rate	4.00%	4.00%

For the year ended 31 December 2016

42. Defined Benefit Obligations (continued)

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	RMB'000
Service cost	1,590
Interest cost	2,146
Components of defined benefit costs recognised in profit or loss	3,736
Component of defined benefit costs recognised in other comprehensive income	22,974
Total	26,710

Service cost is included in the administrative expenses in profit or loss. The interest cost is included in the finance costs in profit or loss. The remeasurement of the net defined benefit obligations arising from changes in financial assumptions is included in other comprehensive income.

The amount of retirement and supplemental benefit obligations recognised in the consolidated statement of financial position are determined as follows:

Movements in the present value of the retirement and supplemental benefit obligations during the year were as follows:

	RMB'000
At 1 January 2016	–
Acquisition of a subsidiary (note 46(b))	102,813
Service cost	1,590
Interest cost	2,146
Benefits paid	(2,571)
Actuarial losses arising from changes in financial assumptions	103,978
Component of defined benefit costs recognised in other comprehensive income	22,974
At 31 December 2016	126,952

Mortality is assumed to be the average life of expectancy of residents in the PRC and the medical costs paid to early retirees are assumed to continue until the death of the retirees.

42. Defined Benefit Obligations (continued)

Significant actuarial assumptions made in determining defined benefit obligations are discount rate and salary increase rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other factors constant.

- If the discount rate on benefit obligations increase by 1%, the defined benefit obligations would decrease by RMB17,133,000 for the year ended 31 December 2016;
- If the discount rate on benefit obligations decrease by 1%, the defined benefit obligations would increase by RMB21,814,000 for the year ended 31 December 2016;
- If the salary increase rate increases by 1%, the defined benefit obligations would increase by RMB5,389,000 for the year ended 31 December 2016; and
- If the salary increase rate decreases by 1%, the defined benefit obligations would decrease by RMB4,724,000 for the year ended 31 December 2016.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligations liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis during the reporting period.

The average duration of the benefit obligations can be analysed as follows:

- Retired members: 9.8 years for the year ended 31 December 2016; and
- Current members: 21.1 years for the year ended 31 December 2016.

For the year ended 31 December 2016

43. Provisions

	2016 RMB'000	2015 RMB'000
Analysed for reporting purposes as:		
Non-current liabilities	–	33,255
Current liabilities	37,154	–
	37,154	33,255

	Properties provision RMB'000 (note a)	Warranty provision RMB'000 (note b)	Total RMB'000
At 1 January 2016	33,255	–	33,255
Acquisition of subsidiary (note 46(b))	–	14,873	14,873
Additional of provision in the year	–	13,140	13,140
Utilisation of provision	–	(11,350)	(11,350)
Cost adjustment	(12,764)	–	(12,764)
At 31 December 2016	20,491	16,663	37,154

Notes:

(a) During the year ended 31 December 2013, the Group acquired Shenzhen Tengxing Hongda Investment Development Co., Ltd. 深圳騰星宏達投資發展有限公司 ("Shenzhen Tengxing") from an independent third party. Pursuant to the sales and purchase agreement, the Group agreed with the former equity holder of Shenzhen Tengxing that after the property project construction completed by the Group, the Group is required to transfer 5% of the completed property of this property project to the former equity holder of Shenzhen Tengxing.

The potential amount of the costs (including development expenditure and other attributable expenses of the construction of properties) to be incurred to complete for this 5% completed property to be delivered to the former equity holder of Shenzhen Tengxing is accounted for as a provision. During the year ended 31 December 2016, the property project construction was completed and the completed properties are expected to be transferred to Shenzhen Tengxing in 2017.

(b) The provision represented the warranty provision granted on fuel pumps, which is the management's best estimate of the Group's liability under 1 year warranty granted on fuel pumps, based on prior experience and industry averages for defective products.

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44. Share Capital

	Number of shares	Amount HK	Equivalent to RMB'000
Ordinary shares of HK0.1 each			
Authorised:			
At 1 January 2015, 31 December 2015, and 2016	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2015	5,757,458,024	575,745,802	497,485
Issue of shares upon exercise of share option	3,721,400	372,140	312
At 31 December 2015	5,761,179,424	576,117,942	497,797
Issue of shares upon exercise of share option	617,640	61,764	51
At 31 December 2016	5,761,797,064	576,179,706	497,848

45. Perpetual Capital Instrument

In April 2014, a wholly owned subsidiary (the "Subsidiary") of the Company issued a perpetual capital instrument (the "Perpetual Capital Instrument") with the aggregate principal amount of RMB700,000,000 by entering into a Perpetual Capital Instrument Agreement (the "Agreement") with an independent third party. The Perpetual Capital Instrument was issued for development of the existing property development project in the PRC.

Pursuant to the Agreement, the Perpetual Capital Instrument has no fixed maturity date and redeemable at the Subsidiary's option at its principal amount together with accrued, unpaid or deferred distribution payments. The distribution rate for the instrument is 9% per annum for the first and second year, then increase to 24% per annum for the third year and years after. If no distribution is paid in that year, the distribution rate will be adjusted by a 100% premium in the next year and so on. The distribution rate is capped at 24% per annum. The Perpetual Capital Instrument is jointly guaranteed by two subsidiaries of the Company, Mr. Pan Jun and Ms. Zeng Jie, Baby, the directors of the Company, and secured by pledges of the shares of a subsidiary of the Company and a land use right owned by a wholly owned subsidiary of the Company.

The payments of distribution can be deferred at the discretion of the Subsidiary. While any distributions are unpaid or deferred, the Company and the Subsidiary cannot declare or pay dividends to the shareholders of the Company. Therefore, the Perpetual Capital Instrument is classified as equity instrument and presented as a part of equity in the consolidated statement of financial position.

During the year ended 31 December 2016, the Group had fully repurchased the Perpetual Capital Instrument with nominal amount of RMB700,000,000 and paid related dividend of RMB48,050,000.

For the year ended 31 December 2016

46. Acquisition of Subsidiaries

(a) **Acquisition of assets and liabilities through acquisition of subsidiaries**

For the year ended December 2016

(i) In July 2016, the Group acquired a parcel of land situated in Sichuan, the PRC, through the acquisition of 91% equity interest in Sichuan Hanfeng Real Estate Co., Ltd. 四川瀚峰置業有限公司, at a cash consideration of RMB727,900,000.

(ii) In November 2016, the Group acquired properties under development for sale situated in Shanghai, the PRC, through the acquisition of 100% equity interest in Shanghai Yueshang Investment Co., Ltd. 上海粵商投資有限公司, at a cash consideration of RMB151,610,000.

The above transactions are accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transaction are summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	35
Prepaid lease payments	360,641
Premium on prepaid lease payments	403,861
Properties under development for sale	280,100
Other receivables	35,864
Bank balances and cash	8
Other payables	(168,951)
	911,558
Total consideration satisfied by:	
Cash	755,610
Consideration payables due within one year included	123,900
Non-controlling interests	32,048
	911,558
Net cash outflow arising on acquisitions	
Cash consideration paid during the year	755,610
Bank balances and cash acquired	(8)
	755,602

46. Acquisition of Subsidiaries (continued)

(a) **Acquisition of assets and liabilities through acquisition of subsidiaries** (continued)

For the year ended December 2015

(i) On 31 March 2014, the Group disposed of 51% equity interests in Ningbo Century Huafeng Property Company Limited 寧波世紀華豐房產有限公司 ("Huafeng"), an indirectly owned subsidiary of the Company, to an independent third party at a cash consideration of RMB206,410,000, which should be settled before 31 March 2015, resulting in loss of control upon completion of the transaction. Due to the financial difficulty of the buyer, the consideration could not be settled. On 31 March 2015, the Group and the buyer entered into a cancellation agreement pursuant to which the transaction for the disposal of 51% equity interest in Huafeng was cancelled and the consideration receivable of RMB206,410,000 due from the buyer was waived. The Group obtained the control of Huafeng subsequent to the cancellation of the agreement. Huafeng is principally engaged in property development in the PRC.

(ii) On 11 December 2015, the Group acquired a completed investment property situated in Shanghai, the PRC through the acquisition of 100% equity interest in Haiyat Investment Co., Ltd. 海逸投資有限公司 ("Haiyat") at a cash consideration of RMB87,500,000.

The above transactions were accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transaction were summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	1,531
Investment properties	124,327
Properties for sale	1,138,188
Trade and other receivables	42,546
Amounts due from certain subsidiaries of the Company	106,191
Tax recoverable	27,354
Bank balances and cash	41,481
Trade and other payables	(13,154)
Deposits received for sale of properties	(547,390)
Borrowings – due after one year	(421,095)
Deferred tax liabilities	(13,456)
	486,523

For the year ended 31 December 2016

46. Acquisition of Subsidiaries (continued)

(a) **Acquisition of assets and liabilities through acquisition of subsidiaries** (continued)
For the year ended December 2015 (continued)

	RMB'000
Total consideration satisfied by:	
Cash consideration for acquisition of Haiyat	87,500
Consideration receivable related to disposal of Huafeng to be waived upon termination	206,410
49% equity interest in Huafeng previously classified as interest in a joint venture	192,613
	486,523
Net cash outflow arising on acquisitions	
Cash consideration paid during the year	87,500
Bank balances and cash acquired	(41,481)
	46,019

(b) **Acquisition of businesses**
For the year ended 31 December 2016
The Group acquired following companies at a total consideration of RMB729,368,000. At the time of acquisition, the directors of the Company are of the view that the acquisition constitutes businesses acquisition. The transactions have been accounted for using the purchase method accordingly.

The aforesaid subsidiaries were acquired so as to continue the expansion of the Group's property development, property management and other operations.

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Equity interest acquired	Principal activities
美國ASIMCO第三投資公司 American ASIMCO Investments III Ltd.	438,825	June	100%	Manufacturing and sale of fuel pumps
合浦縣南珠物業服務有限責任公司 Hepu Nanzhu Property Service Co., Ltd.	8,000	January	80%	Provision of property operation services
襄陽美溢達物業服務有限公司 Xiangyang Meiyida Property Service Co., Ltd.	3,600	January	80%	Provision of property operation services
包頭市眾聯行物業服務有限公司 Baotou Zhonglianhang Property Service Co., Ltd.	3,580	January	80%	Provision of property operation services

46. Acquisition of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2016 (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Equity interest acquired	Principal activities
婁底市和園物業服務有限公司 Loudi Heyuan Property Service Co., Ltd.	300	January	51%	Provision of property operation services
寧夏藍山之家物業服務有限公司 Ningxia Nanshan Zhijia Property Service Co., Ltd.	– (note)	February	80%	Provision of property operation services
連雲港市鴻鑫物業管理有限公司 Lianyungang Hongxin Property Management Co., Ltd.	3,000	April	70%	Provision of property operation services
長沙美景物業管理有限公司 Changsha Meijing Property Management Co., Ltd.	5,000	April	70%	Provision of property operation services
重慶泓山物業管理有限公司 Chongqing Hongshan Property Management Co., Ltd.	81,749	June	87%	Provision of property operation services
成都嘉迅物業管理有限公司 Chengdu Jiaxun Property Management Co., Ltd.	12,104	June	100%	Provision of property operation services
江蘇立德綠色建築系統集成有限公司 Jiangsu Leedeer Fabricated Green Building Co. Ltd.	30,000	July	60%	Provision of construction services
上海軒宇物業管理有限公司 Shanghai Xuanyu Property Management Co., Ltd.	2,530	August	80%	Provision of property operation services
常州九洲福安物業服務有限公司 Changzhou Jiuzhou Fuan Property Management Co., Ltd.	31,700	August	100%	Provision of property operation services
昆山中恒物業管理有限公司 Kunshan Zhongheng Property Management Co., Ltd	5,679	August	80%	Provision of property operation services

For the year ended 31 December 2016

46. Acquisition of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2016 (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Equity interest acquired	Principal activities
常州源鑫物業服務有限公司 Changzhou Yuanxin Property Management Co., Ltd.	6,000	August	100%	Provision of property operation services
江蘇金陽物業管理有限責任公司 Jiangsu Jinyang Property Management Co., Ltd.	5,880	August	80%	Provision of property operation services
福州三澤物業管理有限公司 Fuzhou Sanze Property Management Co., Ltd.	– (note)	August	80%	Provision of property operation services
東莞市方圓物業管理有限公司 Dongguan Fangyuan Property Management Co., Ltd.	3,130	August	90%	Provision of property operation services
成都宏鵬物業管理有限公司 Chengdu Hongpeng Property Management Co., Ltd.	90,100	August	100%	Provision of property operation services
貴州深宏業物業服務有限公司 Guizhou Shenhongye Property Management Co., Ltd.	8,800	August	80%	Provision of property operation services
福州新三澤物業服務有限公司 Fuzhou Xinsanze Property Management Co., Ltd.	9,000	August	80%	Provision of property operation services
四川省西城物業經營管理有限公司 Sichuan Xicheng Property Operation Management Co., Ltd.	5,760	August	80%	Provision of property operation services
廣安市現代物業管理有限責任公司 Guangan Xiandai Property Management Co., Ltd.	1,920	August	80%	Provision of property operation services
內江金黃物業管理有限公司 Neijiang Jinhuang Property Management Co., Ltd.	2,000	August	80%	Provision of property operation services

46. Acquisition of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2016 (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Equity interest acquired	Principal activities
貴州深宏運商業運營管理有限公司 Guizhou Shenhongyun Business Operation Management Co., Ltd.	– (note)	August	80%	Property management
贛州嘉聯運物業管理有限公司 Ganzhou Jialianyun Property Management Co., Ltd.	2,080	September	80%	Provision of property operation services
福建永嘉商業物業管理有限公司 Shanghai Xuanyu Property Management Co., Ltd.	1,200	October	60%	Provision of property operation services
南昌市友聯置業有限公司 Nanchang Union Real Estate Co. Ltd.	1,320	November	60%	Provision of property operation services
武漢美樂居置業有限公司 Wuhan Miller Real Estate Co., Ltd.	5,010	November	50.1%	Provision of property operation services

Note: The consideration was less than RMB1,000.

Total consideration transferred

	RMB'000
Cash	668,994
Deposits paid for acquisition of subsidiaries in prior years	14,891
Consideration payables due within one year included in trade and other payables	45,483
	729,368

For the year ended 31 December 2016

46. Acquisition of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2016 (continued)

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the dates of acquisition are as follows:

	RMB'000
Property, plant and equipment	285,750
Intangible assets	81,378
Prepaid lease payments	59,791
Premium on prepaid lease payments	1,231,740
Inventories	65,224
Trade and other receivables	420,473
Amounts due from non-controlling shareholders of the subsidiaries	41,949
Bank balances and cash	52,905
Trade and other payables	(490,967)
Amounts due to certain subsidiaries of the Company	(270,186)
Tax liabilities	(2,826)
Borrowings – due within one year	(48,053)
Defined benefit obligations	(102,813)
Provision	(14,873)
Deferred tax liabilities	(253,224)
	1,056,268

The trade and other receivables acquired with a fair value of RMB420,473,000 approximate its gross contractual amount, with no significant contractual cash flows not expected to be collected.

Non-controlling interests

The non-controlling interests arising from the acquisition of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquiree's net identifiable assets at the acquisition date and amounted to RMB506,101,000.

For the year ended 31 December 2016

46. Acquisition of Subsidiaries (continued)

(b) **Acquisition of businesses** (continued)

For the year ended 31 December 2016 (continued)

Goodwill arising on acquisitions

	RMB'000
Consideration transferred	729,368
Non-controlling interests	506,101
Less: Fair value of net assets acquired	(1,056,268)
Goodwill arising on acquisitions (note 18)	179,201

At the dates of acquisitions in 2016, goodwill of RMB179,201,000 has been determined based on the acquirees' provisional fair value of net identifiable assets acquired, including property, plant and equipment and intangible assets. Goodwill arose on the acquisition of subsidiaries because these acquisitions included the benefit of expected synergies and the future profitability as at acquisition date.

Intangible assets of RMB81,378,000 in relation to the acquisition of subsidiaries under property management and other segments have been recognised by the Group.

Net cash outflow arising on acquisitions

	RMB'000
Cash consideration paid	(668,994)
Less: Bank balances and cash acquired	52,905
	(616,089)

For the year ended 31 December 2016

46. Acquisition of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2015

The Group acquired following at a total consideration of RMB910,327,000. The below subsidiaries were acquired so as to continue the expansion of the Group's property operation.

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Acquisition interest acquired	Principal activities
蘇州悅華置合物業服務有限公司 Suzhou Yuihua Zhihe Property Service Co., Ltd.	30,890	January	85%	Provision of property operation services
蘇州易亞物業管理有限公司 Suzhou Yiya Property Management operation services Co., Ltd.	19,470	January	90%	Provision of property operation services
徐州市濱湖花園物業管理有限公司 Xuzhou Binhu Huayuan Property operation services Management Co., Ltd.	7,880	January	90%	Provision of property operation services
廣西南寧瀚新物業服務有限公司 Guangxi Nanning Hanxin Property Service Co., Ltd.	3,280	January	80%	Provision of property operation services
撫州鴻德物業有限公司 Fuzhou Hongde Property Co., Ltd.	2,880	January	90%	Provision of property operation services
長沙高盛物業管理有限公司 Changsha Gaosheng Property Management Co., Ltd.	2,280	January	80%	Provision of property operation services
鐵嶺世紀中天物業管理有限公司 Tieling Shiji Zhongtian Property Management Co., Ltd.	1,590	January	100%	Provision of property operation services
瀋陽天盛河畔物業管理有限公司 Shenyang Tiansheng Hepan Property Management Co., Ltd.	1,500	January	95%	Provision of property operation services
南昌名泰物業管理有限公司 Nanchang Mingtai Property Management Co., Ltd.	1,000	January	90%	Provision of property operation services
清遠市大管家物業管理有限公司 Qingyuan Daguanjia Property Management Co., Ltd.	900	January	80%	Provision of property operation services

46. Acquisition of Subsidiaries (continued)

(b) **Acquisition of businesses** (continued)

For the year ended 31 December 2015 (continued)

The Group acquired following at a total consideration of RMB910,327,000. The below subsidiaries were acquired so as to continue the expansion of the Group's property operation. (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Acquisition interest acquired	Principal activities
陝西彩逸飛物業管理有限公司 Shanxi Caiyifei Property Management Co., Ltd.	500	January	100%	Provision of property operation services
陝西鑫昌物業管理有限公司 Shanxi Xinchang Property Management Co., Ltd.	– (note)	January	90%	Provision of property operation services
寧夏天雨子越物業服務有限公司 Ningxia Tianyuzi Property Service Co., Ltd.	– (note)	January	80%	Provision of property operation services
世紀物業管理有限公司 Shiji Property Management Co., Ltd.	1,187	February	85%	Provision of property operation services
鞍山市大德物業有限公司 Anshan Dade Property Management Co., Ltd.	1,580	March	80%	Provision of property operation services
深圳市開元國際物業管理有限公司 Shenzhen Kaiyuan International Property Management Co., Ltd.	330,000	June	100%	Provision of property operation services
常州江南中鑫物業服務有限公司 Changzhou Jiangnan Zhongxin Property Service Co., Ltd.	57,060	June	80%	Provision of property operation services
蘇州萬寶物業管理有限公司 Suzhou Wanbao Property Management Co., Ltd.	37,330	June	70%	Provision of property operation services
揚州市恒久物業服務發展有限公司 Yangzhou Hengjiu Property Service Development Co., Ltd.	10,660	June	80%	Provision of property operation services
廈門市創優物業管理有限公司 Xiamen Chuangyou Property Management Co., Ltd.	10,040	June	70%	Provision of property operation services
河南瑞祥物業管理有限公司 Henan Ruixiang Property Management Co., Ltd.	6,160	June	80%	Provision of property operation services

For the year ended 31 December 2016

46. Acquisition of Subsidiaries (continued)

(b) **Acquisition of businesses** (continued)

For the year ended 31 December 2015 (continued)

The Group acquired following at a total consideration of RMB910,327,000. The below subsidiaries were acquired so as to continue the expansion of the Group's property operation. (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Acquisition interest acquired	Principal activities
贛州錦通物業管理有限公司 Ganzhou Jintong Property Management Co., Ltd.	6,260	June	100%	Provision of property operation services
桂林市仁和物業服務有限公司 Guilin Renhe Property Service Co., Ltd.	4,190	June	70%	Provision of property operation services
四川蜀峰物業服務有限公司 Sichuan Shufeng Property Service Co., Ltd.	– (note)	July	80%	Provision of property operation services
葫蘆島市萬廈物業管理有限公司 Huludao Wanxia Property Management Co., Ltd.	3,680	July	80%	Provision of property operation services
杭州利軒物業管理有限公司 Hangzhou Lixuan Property Management Co., Ltd.	11,325	July	80%	Provision of property operation services
揚州市興達物業服務有限公司 Yangzhou Xingda Property Service Co., Ltd.	2,450	July	90%	Provision of property operation services
長沙祥旺物業管理有限公司 Changsha Xiangwang Property Management Co., Ltd.	500	July	100%	Provision of property operation services
廣西福來物業服務有限責任公司 Guangxi Fulai Property Service Co., Ltd.	47,800	July	80%	Provision of property operation services
西安榮鑫物業管理有限公司 Xi'an Rongxin Property Management Co., Ltd.	18,889	July	60%	Provision of property operation services
襄陽江山新苑物業服務有限責任公司 Xiangyang Jiangshan Xinyuan Property Service Co., Ltd.	1,661	July	80%	Provision of property operation services
清遠金力物業管理有限公司 Qingyuan Jinli Property Management Co., Ltd.	1,000	July	80%	Provision of property operation services
榆林市榮鑫物業管理有限公司 Yulin Rongxin Property Management Co., Ltd.	1,990	July	75%	Provision of property operation services

46. Acquisition of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2015 (continued)

The Group acquired following at a total consideration of RMB910,327,000. The below subsidiaries were acquired so as to continue the expansion of the Group's property operation. (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Acquisition interest acquired	Principal activities
武漢凱樂豐垠物業管理有限公司 Wuhan Kaile Fengyin Property Management Co., Ltd.	3,080	July	70%	Provision of property operation services
荊州市楚陽物業管理有限公司 Jingzhou Chuyang Property Management Co., Ltd.	3,080	September	80%	Provision of property operation services
成都合力物業服務有限公司 Chengdu Heli Property Service Co., Ltd.	56,500	September	80%	Provision of property operation services
成都忠信英聯華物業管理顧問有限公司 Chengdu Zhongxin Yinglianhua Property Management Consultant Co., Ltd.	380	September	80%	Provision of property operation services
上海新貴盛物業管理有限公司 Shanghai Xinguisheng Property Management Co., Ltd.	11,880	September	90%	Provision of property operation services
河南聯盛物業服務有限公司 Henan Liansheng Property Service Co., Ltd.	9,280	December	80%	Provision of property operation services
無錫市盛泰物業管理有限公司 Wuxi Shengtai Property Management Co., Ltd.	5,580	December	80%	Provision of property operation services
上海通翼物業有限公司 Shanghai Tongyi Property Co., Ltd.	2,880	December	51%	Provision of property operation services
南昌幸福物業管理有限公司 Nanchang Xingfu Property Management Co., Ltd.	8,180	December	70%	Provision of property operation services
江西省君安物業管理有限公司 Jiangxi Junan Property Management Co., Ltd.	1,995	November	100%	Provision of property operation services
Morning Star	181,560	December	100%	Provision of travel agency services

Note: Consideration incurred less than RMB1,000.

For the year ended 31 December 2016

46. Acquisition of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2015 (continued)

Total consideration transferred

	RMB'000
Cash	703,815
Deposits paid for acquisition of subsidiaries in 2014	68,385
Consideration payables due within one year included in trade and other payables	138,127
	910,327

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the "administrative expenses" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment	99,141
Investment properties	15,367
Intangible assets	190,628
Deferred tax assets	13,791
Trade and other receivables	170,877
Amounts due from non-controlling shareholders of the subsidiaries	66,209
Amounts due from certain subsidiaries of the Company	21,216
Financial assets designated as at FVTPL	54,158
Bank balances and cash	174,795
Trade and other payables	(358,592)
Amounts due to non-controlling shareholders of the subsidiaries	(465)
Amounts due to certain subsidiaries of the Company	(49,055)
Tax liabilities	(10,680)
Deferred tax liabilities	(60,586)
Borrowings	(299)
	326,505

The trade and other receivables acquired with a fair value of RMB170,877,000 approximate its gross contractual amount, with no significant contractual cash flows not expected to be collected.

46. Acquisition of Subsidiaries (continued)

(b) **Acquisition of businesses** (continued)

For the year ended 31 December 2015 (continued)

Non-controlling interests

The non-controlling interests arising from the acquisition of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquiree's net identifiable assets at the acquisition date and amounted to RMB15,809,000.

Goodwill arising on acquisitions

	RMB'000
Consideration transferred	910,327
Non-controlling interests	15,809
Less: fair value of net assets acquired	(326,505)
Goodwill arising on acquisitions (note 18)	599,631

Goodwill arose on the acquisition of subsidiaries because these acquisitions included the benefit of expected synergies and the future profitability as at acquisition date.

Intangible assets of RMB190,628,000 in relation to the acquisition of subsidiaries under property management and other segments have been recognised by the Group.

Net cash outflow arising on acquisitions

	RMB'000
Cash consideration paid	(703,815)
Less: bank balances and cash acquired	174,795
	(529,020)

46. Acquisition of Subsidiaries (continued)

(c) **Acquisition of additional interests in subsidiaries**

For the year ended 31 December 2015

(i) During the year ended 31 December 2015, the Group further acquired additional 36% equity interest in Shenzhen Guozhengxiangqian Investment Development Co., Ltd. (深圳市國正向前投資發展有限公司) ("Guozheng") from a non-controlling shareholder, and the Group's shareholding of Guozheng increased from 64% to 100%. The difference between the consideration of RMB11,880,000 and proportionate share of the Guozheng's net assets of RMB9,831,000 attributable to the Group was transferred to the special reserve of RMB2,049,000.

(ii) During the year ended 31 December 2014, the Group disposed of its 49% and 40% equity interests in Guilin Wanhao Property Development Co., Ltd. 桂林萬豪房地產開發有限公司 ("Wanhao") and Chengdu Zhifu Property Development Co., Ltd. 成都置富房地產開發有限公司 ("Zhifu") respectively, indirectly wholly owned subsidiaries of the Company, to an independent third party at a total consideration of RMB399,240,000, which should be settled before 31 March 2015. Due to the financial difficulty of the buyer, the consideration could not be settled on 31 March 2015, the Group and the buyer entered into termination agreements pursuant to which the transaction for the disposal of 49% and 40% equity interest in Wanhao and Zhifu was terminated and the consideration receivable of RMB399,240,000 due from the buyer was waived.

Accordingly, the Group acquired back 49% and 40% equity interests of Wanhao and Zhifu respectively from non-controlling shareholders. The difference between the consideration of RMB399,240,000 and proportionate share of the subsidiaries' net assets of RMB359,580,000 attributable to the Group was transferred to the special reserve of RMB39,660,000. Wanhao and Zhifu were engaged in property development which holds properties under development in the PRC. Upon termination of the aforesaid transactions, the cash consideration of RMB36,990,000 received in 2014 was refunded to the buyer, the partial consideration of RMB200,000,000 to be settled in exchange for construction work was cancelled and was recognised in trade payable and the consideration receivable of RMB162,250,000 was waived.

47. Disposal of Subsidiaries

(a) **Disposal of subsidiaries**

For the year ended 31 December 2016

(i) In May 2016, the Group disposed of the entire equity interests of Shenzhen Huajun Investment Management Co., Ltd. 深圳花郡投資管理有限公司 to a third party for a consideration of RMB549,305,000, which is engaged in property investment.

(ii) In November 2016, the Group disposed of the entire equity interests of Sichuan Ximei Investment Co., Ltd. 四川西美投資有限公司 ("Sichuan Ximei") to Shenzhen Dingsheng, a joint venture of the Company for a consideration of RMB1,100,000,000. Sichuan Ximei is engaged in property development.

(iii) In December 2016, the Group disposed of certain investment properties through the disposal of the entire equity interests of Wuxi Fantasia Real Estate Co., Ltd. 無錫花樣年房地產有限公司 ("Wuxi Fantasia") to a third party for a consideration of RMB51,000,000. Wuxi Fantasia is engaged in property development.

47. Disposal of Subsidiaries (continued)

(a) **Disposal of subsidiaries** (continued)

For the year ended 31 December 2016 (continued)

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed of in respect of these transactions are summarised below:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	1,543
Investment properties	697,431
Trade and other receivables	116,862
Properties for sale	3,482,224
Amount due from a joint venture of the Company	777,116
Deferred tax assets	60,691
Bank balances and cash	67,159
Trade and other payables	(868,415)
Deposits received on sale of properties	(290,809)
Tax liabilities	(437,502)
Amounts due to certain subsidiaries of the Company	(1,846,568)
Amounts due to joint ventures	(3,901)
Borrowings	(50,000)
Deferred tax liabilities	(46,459)
	1,659,372
Gain on disposal of subsidiaries:	
Cash consideration	1,674,805
Consideration receivable	25,500
	1,700,305
Net assets disposed of	(1,659,372)
	40,933
Net cash inflow arising on disposal:	
Cash consideration	1,674,805
Bank balances and cash disposed of	(67,159)
	1,607,646

For the year ended 31 December 2016

47. Disposal of Subsidiaries (continued)

(a) **Disposal of subsidiaries** (continued)

For the year ended 31 December 2015

(i) In January 2015, the Group disposed of its AFS investments through the disposal of the entire equity interests of its holding company, Charmfull Limited, to an independent third party for a consideration of RMB40,382,000.

(ii) Subsequent to the disposal of 45% equity interest in TCL King electronics (Shenzhen) Co., Ltd. TCL王牌電子(深圳)有限公司 ("TCL King"), as mentioned in note 47(b), the Group further disposed of the remaining 55% equity interest in TCL King through disposal of entire equity interest in Talent Bright International Limited, its holding company to the same independent third party, for a consideration of RMB429,000,000 in September 2015. TCL King was engaged in property development.

(iii) In September 2015, the Group disposed of its entire equity interest in Chengdu Kaizhen Co., Ltd. 成都凱鎮有限公司 ("Chengdu Kaizhen") to an independent third party for a consideration of RMB355,000,000. Chengdu Kaizhen was engaged in provision of hotel services.

(iv) In December 2015, the Group disposed of its entire equity interest in Shenzhen Fantasia Hotel Management Group Co., Limited 深圳花樣年酒店管理有限公司 ("Fantasia Hotel Management") to an independent third party for a consideration of RMB290,000,000. Fantasia Hotel Management was engaged in hotel management.

(v) In December 2015, the Group disposed of its entire equity interest in Fantasia Commercial Management (HK) Co., Ltd. ("Fantasia Commercial") to an independent third party for a consideration of RMB1,100,000,000. Fantasia Commercial was engaged in hotel management. RMB500,000,000 has been received during the year ended 31 December 2015 and the remaining consideration of RMB600,000,000 has been settled during the year ended 31 December 2016.

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed of in respect of these transactions are summarised below:

	RMB'000
Consideration satisfied by:	
Cash	1,433,920
Consideration receivables due within one year (note 27)	761,000
Consideration payable related to acquisition of the holding company of AFS investments to be offset upon the disposal	19,462
	2,214,382

For the year ended 31 December 2016

47. Disposal of Subsidiaries (continued)

(a) Disposal of subsidiaries (continued)

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	83,871
Investment properties	1,789,474
AFS investment	38,910
Trade and other receivables	32,987
Bank balances and cash	1,441
Amounts due from subsidiaries of the Company	53,145
Trade and other payables	(320)
Deferred tax liabilities	(295,220)
	1,704,288
Gain on disposal of subsidiaries:	
Cash consideration	1,433,920
Consideration receivable	761,000
Consideration payable related to acquisition of the holding company of AFS investment to be offset upon the disposal	19,462
Total Consideration	2,214,382
Net assets disposed of	(1,704,288)
Non-controlling interest	279,945
	790,039
Net cash inflow arising on disposal:	
Cash consideration	1,433,920
Bank balances and cash disposed of	(1,441)
	1,432,479

For the year ended 31 December 2016

47. Disposal of Subsidiaries (continued)

(b) **Disposal of partial interests in subsidiaries without loss of control**

For the year ended 31 December 2016

(i) During the year ended 31 December 2016, Home E&E, a non-wholly owned subsidiary of the Company, issued shares to several third parties at a total cash consideration of RMB71,759,000. Upon completion of the share subscription, the shareholding of the Company was diluted from 70.00% to 69.29% and it constituted a deemed disposal of partial interests in a subsidiary without loss of control. The difference between the consideration received and the share of net assets attributable to the 0.71% equity interest in Home E&E at the date of partial disposal of interests in Home E&E amounted to RMB6,989,000 was recognised in special reserve.

For the year ended 31 December 2015

(i) During the year ended 31 December 2015, the Group disposed of its 30% equity interest in Home E&E, to an independent third party, for a cash consideration of RMB1,500,000. Home E&E was engaged in provision of property operation services.

The difference of RMB8,670,000 between the consideration received of RMB1,500,000 and the proportionate share of the net assets of Home E&E by the non-controlling shareholder amounting to RMB10,170,000 is credited to the special reserve.

(ii) In June 2015, the Group disposed of its 45% equity interest in TCL King to an independent third party for a cash consideration of RMB300,000,000.

The difference of RMB29,811,000 between the consideration of RMB300,000,000 and the proportionate share of TCL King's net assets by the non-controlling shareholder amounting to RMB270,189,000 was credited to the special reserve.

(c) **Disposal of partial interests in subsidiaries resulting in loss of control**

For the year ended 31 December 2016

(i) During the year ended 31 December 2016, Shenzhen Fantasia Real Estate Group Co., Ltd. 深圳市花樣年地產集團有限公司 and Shenzhen Qianhai Jianian Investment Fund Management Co., Ltd. 深圳前海嘉年投資基金管理有限公司, the wholly-owned subsidiaries of the Company, and two independent third parties entered into a partnership agreement (the "Partnership Agreement") to establish a partnership Wuhu Xinjia. The partnership is engaged in industrial investment and investment management. The 46% shareholding of the Group in the partnership is classified as interest in an associate of the Group.

Pursuant to the Partnership Agreement, the capital contribution by the Group are RMB771,000,000 and satisfied by the transfer of 99% equity interests Beijing Huawanli and the cash of RMB500,000 while the capital contribution by other parties are RMB900,500,000 in cash. Upon transfer of 99% equity interests and establishment of the partnership, the Group had lost control over Beijing Huawanli and the remaining 1% equity interest in Beijing Huawanli is classified as interest in an associate since all the strategic financial and operating decisions must be approved by 2/3 of shareholding in shareholders' meeting. Beijing Huawanli is engaged in property development in the PRC.

47. Disposal of Subsidiaries (continued)

(c) **Disposal of partial interests in subsidiaries resulting in loss of control** (continued)

For the year ended 31 December 2016 (continued)

(ii) During the year ended 31 December 2016, the Group disposed of 95% equity interest in Suzhou Linjiayan Real Estate Company Ltd. 蘇州林甲岩房地產開發有限公司 ("Linjiayan") to an independent third party for a cash consideration of RMB665,000,000, resulting in loss of control upon completion of the transaction. The remaining 5% equity interest in Suzhou Linjiayan is accounted for AFS investment. Suzhou Linjiayan was engaged in property development in the PRC.

(iii) Subsequent to the transactions detailed in note 16 (b), on 25 August 2016, Chuangshi Jianian Fund is newly formed upon a fund investment agreement entered by Fantasia Group (China) Co., Ltd. 花樣年集團(中國)有限公司 ("Fantasia China"), Shenzhen Colour Life, Home E&E, the subsidiaries of the Company and Shenzhen Jiaxin Wuhu Gopher Asset Management Co., Ltd. ("Wuhu Gopher"), an independent third party ("Investment Agreement"). In relation to the formation of Chuangshi Jianian Fund, Fantasia China, Shenzhen Colour Life, Home E&E and Wuhu Gopher provided capital contribution of RMB260,000,000, RMB60,000,000, RMB60,000,000 and RMB600,000,000, representing approximately 26.5%, 6.1%,6.1% and 61.3% interest in Chuangshi Jianian Fund, respectively. After that, Chuangshi Jianian Fund acquired entire equity interest in Shenzhen Jianxin with cash consideration of RMB204,000,000 and provided loan of RMB776,000,000. In connection to the transaction, Shenzhen Jiaxin would cease to be a subsidiary of the Group and the Group's aggregate interest of 38.7% in Chuangshi Jianian Fund is accounted for interest in a joint venture.

These transactions were accounted for as disposal of partial interests in subsidiaries resulting in loss of control. Details are summarised below:

Assets and liabilities derecognised at dates of loss of control of the disposed subsidiaries are as follows:

	RMB'000
Assets and liabilities disposed at the date of loss of control of the disposed subsidiaries are as follows:	
Property, plant and equipment	581
Investment properties	7,000
Properties for sale	14,473
Prepaid lease payments	418,612
Premium on prepaid lease payments	172,344
Trade and other receivables	74,085
Amount due from a joint venture	985,167
Bank balances and cash	727,638
Trade and other payables	(267,668)
Amounts due to certain subsidiaries of the Company	(407,027)
Deferred tax liabilities	(262)
	1,724,943

For the year ended 31 December 2016

47. Disposal of Subsidiaries (continued)

(c) **Disposal of partial interests in subsidiaries resulting in loss of control** (continued)
For the year ended 31 December 2016 (continued)

	RMB'000
Gain on disposal of subsidiaries:	
Cash received during the year	932,500
Consideration receivables due within one year	332,500
Reclassified as interest in an associate	661,680
Interest retained in Suzhou Linjiayan as available-for-sale investment	10,015
Interest retained in Chuangshi Jianian Fund as interest in a joint venture	382,000
Interest retained in Beijing Huawanli as interest in an associate	5,395
Less: Net assets disposed of	(1,724,943)
	599,147
Net cash inflow arising on disposal:	
Cash consideration	932,500
Bank balances and cash disposed of	(727,638)
	204,862

48. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt, which includes amount due to a non-controlling shareholder of the company as disclosed in note 35, amounts due to joint ventures as disclosed in note 36, amounts due to associates as disclosed in note 37, borrowings as disclosed in note 38, obligations under finance leases as disclosed in note 39, senior notes and bonds as disclosed in note 40, assets backed securities issued as disclosed in note 41, net of the cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves. In managing the Group's capital structure, the management will also monitor the utilisation of bank and other borrowings to ensure compliance with financial covenants.

The directors of the Company review the capital structure periodically. As a part of this review, the corporate finance department reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding and considers the cost of capital and the risks associated with each class of capital, the Group does not have any target gearing ratio.

The directors of the Company then assess the annual budget and consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

49. Financial Instruments

(a) Categories of financial instruments

	2016 RMB'000	2015 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	16,238,147	9,378,370
Financial assets designated as at FVTPL	127,275	19,200
AFS investments	30,215	–
Financial liabilities		
Financial liabilities measured at amortised cost	26,909,286	20,856,499

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from non-controlling shareholders of the subsidiaries, joint ventures and related parties, deposit paid for acquisition of subsidiaries, a property project and land use rights, financial assets designated as at FVTPL, restricted/pledged bank deposits, bank balances and cash, AFS investments, trade and other payables, amounts due to a non-controlling shareholder of the company, joint ventures and associates, borrowings, obligations under finance leases, senior notes and bonds and assets backed securities issued. Details of these financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

49. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk

(i) Currency risk

The Group mainly has bank balances, borrowings, obligations under finance leases and senior notes which are denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective reporting periods are as follow:

	2016 RMB'000	2015 RMB'000
Assets		
USD	1,322,541	24,247
HKD	859,455	84,189
TWD	30,646	–
SGD	265,973	185,076
MOP	1,962	–
JPY	1,376	1,434
Liabilities		
USD	10,513,711	6,979,458
JPY	50,142	39,530

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

49. Financial Instruments (continued)

(b) **Financial risk management objectives and policies** (continued)

Market risk (continued)

(i) *Currency risk* (continued)

Sensitivity analysis

The Group mainly exposes to the effects of fluctuation in USD, HKD, TWD, SGD, MOP and JYP against RMB.

The following table details the Group's sensitivity to a 10% (2015: 10%) increase and decrease in the RMB against the relevant foreign currencies. 10% (2015: 10%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% (2015: 10%) change in foreign currency rates. The sensitivity analysis includes bank balances, borrowings, obligations under finance leases and senior notes. A positive number indicates an increase in profit for the year where the RMB strengthens 10% (2015: 10%) against the relevant currencies. For a 10% (2015: 10%) weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on the profit, and the balances below would be negative.

Foreign currency sensitivity analysis

	2016 RMB'000	2015 RMB'000
USD		
Increase in profit for the year	626,671	474,219
HKD		
Decrease in profit for the year	(58,599)	(57,402)
SGD		
Decrease in profit for the year	(181,345)	(126,188)
JPY		
Increase in profit for the year	3,325	2,598
TWD		
Decrease in profit for the year	(2,090)	–
MOP		
Decrease in profit for the year	(134)	–

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

For the year ended 31 December 2016

49. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate borrowings.

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate borrowings, obligations under finance leases, senior notes and bonds and assets backed securities issued.

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

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the LIBOR arising from the Group's USD borrowings, the HIBOR arising from the Group's HK borrowings and Benchmark Rate from the Group's RMB borrowings.

Sensitivity analysis

Bank balances and restricted/pledged bank deposits

The sensitivity analysis below has been determined based on the exposure to interest rates for the bank balances and restricted/pledged bank deposits at the end of the reporting period. A 25% basis points (2015: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25% basis points (2015: 25 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would increase/decrease by RMB19,274,000 (2015: increase/decrease by RMB7,909,000).

Variable-rate borrowings

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable-rate borrowings at the end of the reporting period. A 50% basis points (2015: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50% basis points (2015: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2016 would decrease/increase by RMB7,029,000 (2015: decrease/increase by RMB11,605,000), net of interest that would be capitalised in accordance with the Group's accounting policy.

49. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2016, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the amount of contingent liabilities in relation to financial guarantee provided by the Group is disclosed in note 54.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk on trade receivables and loan receivables to third parties, with exposure spread over a number of counterparties and customers.

As at 31 December 2016, the Group has concentration of credit risk on the deposits paid for acquisition of subsidiaries, a property project and land use rights and amounts due from related parties, non-controlling shareholder of the subsidiaries, joint ventures and related parties. These balances are paid to counterparties which are all engaged in PRC property development business and property operation service, and are either state-owned entities or companies with high credit rating, the Directors of the Company consider that the credit risk is limited.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong.

For properties under development which are subject to pre-sales agreements, the Group generally typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to forfeit the customer's purchase deposit and sell the property to recover any amounts paid by the Group to the bank. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on amounts due to a non-controlling shareholders of the subsidiaries, joint ventures and associates, borrowings, obligations under finance leases, senior notes and bonds and assets backed securities issued as a significant source of liquidity.

For the year ended 31 December 2016

49. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity table

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1–3 months RMB'000	3 months to 1 year RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2016								
Trade and other payables	–	951,280	661,938	978,804	517,008	–	3,109,030	3,109,030
Amount due to a non-controlling shareholders of subsidiaries	10.58	313,175	–	–	-	–	313,175	310,438
Amounts due to joint ventures	–	294,157	–	–	–	–	294,157	294,257
Amounts due to associates	–	1,061,338	–	–	–	–	1,061,338	1,061,338
Borrowings								
– fixed rate	7.89	28,361	56,550	250,309	1,318,554	51,091	1,704,865	1,593,800
– variable rate	5.35	67,644	135,249	599,905	1,213,901	100,960	2,117,659	1,773,666
Obligations under finance leases	4.22	2,315	4,630	20,835	95,528	–	123,308	112,148
Senior notes and bonds	9.63	212,336	424,673	3,585,663	28,365,057	–	32,587,729	18,379,625
Assets backed securities issued	5.61	–	16,568	50,111	266,059	–	332,738	275,084
Financial guarantee contracts	–	6,258,249	–	–	–	–	6,258,249	–
		9,188,855	1,299,608	5,485,627	31,776,107	152,051	47,902,248	26,909,286
At 31 December 2015								
Trade and other payables	–	1,436,916	1,414,284	1,251,617	1,395,775	–	5,498,592	5,498,592
Amount due to a non-controlling shareholders of subsidiaries	10.58	390,199	–	–	360,438	–	750,637	719,920
Amounts due to joint ventures	–	1,033,916	–	–	–	–	1,033,916	1,033,916
Borrowings								
– fixed rate	9.94	36,783	549	2,469	803,155	40,462	883,418	869,702
– variable rate	6.76	1,126,593	50,153	225,690	1,677,556	60,345	3,140,337	3,094,710
Obligations under finance leases	4.16	775	5,525	20,881	97,473	16,920	141,574	127,080
Senior notes and bonds	10.40	190,797	1,225,707	516,129	10,627,125	–	12,559,758	9,512,579
Financial guarantee contracts	–	6,441,957	–	–	–	–	6,441,957	–
		10,657,936	2,696,218	2,016,786	14,961,522	117,727	30,450,189	20,856,499

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49. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table gives information about how the fair values are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Except for the following financial liabilities, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

For the year ended 31 December 2016

49. Financial Instruments (continued)

(c) **Fair value measurements of financial instruments** (continued)

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets	Fair value as at 31 December 2016 RMB'000	31 December 2015 RMB'000	Fair value hierarchy	Valuation techniques and key inputs
Financial assets designed as at FVTPL	127,275	19,200	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return, and the contracted investment costs, discounted at a rate that reflects the internal rate of return of varies property projects.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and liabilities carried at amortised cost recognised in the consolidated financial statements approximate their fair values.

	Fair value hierarchy	2016 Carrying amount RMB'000	2016 Fair value RMB'000	2015 Carrying amount RMB'000	2015 Fair value RMB'000
Senior notes	Level 1	11,841,852	12,430,527	7,523,775	7,735,192
Listed corporate bonds	Level 1	3,110,162	3,209,098	2,011,477	2,025,673
Non-listed corporate bonds	Level 3	3,427,611	3,538,016	–	–
Assets backed securities issued	Level 3	275,084	289,245	–	–

50. Operating Lease Commitments

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2016 RMB'000	2015 RMB'000
Within one year	47,023	12,684
In the second to the fifth year inclusive	589,542	–
	636,565	12,684

Operating lease payments represented rentals payable by the Group for certain offices premises and commercial properties. Leases are negotiated and rentals are fixed for terms of one to fifteen years.

50. Operating Lease Commitments (continued)

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2016 RMB'000	2015 RMB'000
Within one year	184,283	145,236
In the second to the fifth year inclusive	487,261	347,825
After the fifth year	165,241	86,184
	836,785	579,245

Property rental income represented rentals receivable by the Group. Leases are negotiated for an average term of one to twenty years with fixed rentals.

51. Capital and Other Commitments

	2016 RMB'000	2015 RMB'000
Construction commitments in respect of properties for sale contracted for but not provided in the consolidated financial statements	1,421,711	3,736,077
Construction commitments in respect of investment properties contracted for but not provided in the consolidated financial statements	182,699	130,719
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the consolidated financial statements	18,142	84,556
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	21,325	3,695

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52. Share Option Schemes

(a) The Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 October 2009 for the primary purposes of providing incentives to certain directors and employees of the Company and its subsidiaries ("Eligible Employees"). Under the Scheme, the Board of Directors of the Company is authorised to grant options at a consideration of HKD1 per option to the Eligible Employees to subscribe for shares in the Company ("Shares").

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme ("Options") and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue at any point in time. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HKD5 million must be approved in advance by the Company's shareholders.

The exercisable period of an option is determined by the directors at their discretion. The expiry date of the option may be determined by the Board of Directors of the Company which shall not be later than the expiry day of the Scheme.

The exercise price is determined by the directors of the Company, and will not be less than the greater of: (i) the closing price of the Company on the offer date; (ii) the average of the closing price of the Company's shares for the five trading days immediately preceding the offer of the options and (iii) the nominal value per share of the Company.

During the year ended 31 December 2016, no share option was lapsed (2015: 19,325,000).

As at 31 December 2016, the total number of shares to be issued upon the exercise of all options granted under the Scheme is 85,326,000 (2015: 85,944,000) of HKD0.1 each, representing approximately 1.5% (2015: 1.5%) of the issued share capital of the Company.

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52. Share Option Schemes (continued)

(a) The Company (continued)

Details of the share options granted under the Scheme is as follows:

Category of Grantees	Date of grant	Exercise price per share HKD	Vesting period	Exercisable period
Directors	29 August 2011	0.836	29/8/2011–28/8/2012	29/8/2012–28/8/2021
			29/8/2011–28/8/2013	29/8/2013–28/8/2021
			29/8/2011–28/8/2014	29/8/2014–28/8/2021
	16 October 2012	0.8	16/10/2012–15/10/2013	16/10/2013–15/10/2022
			16/10/2012–15/10/2014	16/10/2014–15/10/2022
			16/10/2012–15/10/2015	16/10/2015–15/10/2022
Employees	29 August 2011	0.836	29/8/2011–28/8/2012	29/8/2012–28/8/2021
			29/8/2011–28/8/2013	29/8/2013–28/8/2021
			29/8/2011–28/8/2014	29/8/2014–28/8/2021
	16 October 2012	0.8	16/10/2012–15/10/2013	16/10/2013–15/10/2022
			16/10/2012–15/10/2014	16/10/2014–15/10/2022
			16/10/2012–15/10/2015	16/10/2015–15/10/2022

The following table discloses movements of the Company's share options held by employees and directors during the years ended 31 December 2016 and 2015:

Category of Grantees	Date of grant	Vesting period	Outstanding at 1 January 2015	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	Outstanding at 31 December 2015	Granted during the year	lCancelled/ apsed during the year	Exercised during the year	Outstanding at 31 December 2016
Directors	29 August 2011	29/8/2011–28/8/2012	1,619,000	–	(264,000)	(197,000)	1,158,000	–	–	–	1,158,000
		29/8/2011–28/8/2013	3,539,000	–	(528,000)	(394,000)	2,617,000	–	–	–	2,617,000
		29/8/2011–28/8/2014	11,032,000	–	(1,847,000)	(1,380,000)	7,805,000	–	–	–	7,805,000
	16 October 2012	16/10/2012–15/10/2013	1,792,000	–	(340,000)	(17,000)	1,435,000	–	–	–	1,435,000
		16/10/2012–15/10/2014	3,781,000	–	(681,000)	(33,000)	3,067,000	–	–	–	3,067,000
		16/10/2012–15/10/2015	12,347,000	–	(2,383,000)	(116,000)	9,848,000	–	–	–	9,848,000
			34,110,000	–	(6,043,000)	(2,137,000)	25,930,000	–	–	–	25,930,000
Employees	29 August 2011	29/8/2011–28/8/2012	3,436,000	–	(398,000)	(130,000)	2,908,000	–	–	(47,000)	2,861,000
		29/8/2011–28/8/2013	6,571,000	–	(796,000)	(260,000)	5,515,000	–	–	(94,000)	5,421,000
		29/8/2011–28/8/2014	24,353,000	–	(2,786,000)	(909,000)	20,658,000	–	–	(328,000)	20,330,000
	16 October 2012	16/10/2012–15/10/2013	4,052,000	–	(931,000)	(28,000)	3,093,000	–	–	(15,000)	3,078,000
		16/10/2012–15/10/2014	7,907,000	–	(1,860,000)	(57,000)	5,990,000	–	–	(30,000)	5,960,000
		16/10/2012–15/10/2015	28,561,000	–	(6,511,000)	(200,000)	21,850,000	–	–	(104,000)	21,746,000
			74,880,000	–	(13,282,000)	(1,584,000)	60,014,000	–	–	(618,000)	59,396,000
Total			108,990,000	–	(19,325,000)	(3,721,000)	85,944,000	–	–	(618,000)	85,326,000
Exercisable at the end of the year							85,944,000				85,326,000
Weighted average exercise price at the date of exercise (HKD)							0.83				0.83

52. Share Option Schemes (continued)

(a) The Company (continued)

The closing price of the shares on the date of grant was HKD0.77 at 16 October 2012. Binomial Option Pricing Model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	16 October 2012	29 August 2011
Market price	HKD0.77	HK0.820
Exercise price	HKD0.80	HK0.836
Expected volatility	44.87%	40.43%
Risk-free rate	0.66%	1.74%
Expected dividend yield	5.12%	4.878%

The Group did not recognise any expense for the year ended 31 December 2016 (2015: RMB2,464,000) in relation to share options granted by the Company.

(b) Colour Life

A non-wholly owned subsidiary of the Company, Colour Life, operates a share option scheme (the "Colour Life's Scheme"). The Colour Life's Scheme was adopted pursuant to a resolution passed on 11 June 2014 for the primary purposes of providing incentives to certain directors and employees of the Colour Life and its subsidiaries ("Eligible Employees"). Under the Colour Life's Scheme, the Board of Directors of Colour Life is authorised to grant options at a consideration of HKD1 per option respectively to the Eligible Employees to subscribe for shares of Colour Life ("Colour Life's Shares").

The maximum number of Colour Life's Shares which may be issued upon exercise of all options to be granted under the Colour Life's Scheme ("Colour Life's Options") and any other share option schemes of Colour Life shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of Colour Life in issue at any point in time. Colour Life's Options granted to a substantial shareholder or an independent non – executive director in excess of 0.1% of Colour Life's share capital or with a value in excess of HKD5 million must be approved in advance by Colour Life's shareholders.

The exercisable period of an option is determined by the directors of Colour Life at their discretion. The expiry date of Colour Life's Options may be determined by the Board of Directors of the Colour Life which shall not be later than the expiry day of Colour Life's Scheme.

The exercise price is determined by the directors of Colour Life, and will not be less than the greater of: (i) the closing price of Colour Life on the offer date; (ii) the average of the closing price of Colour Life's shares for the five trading days immediately preceding the offer of Colour Life's options and (iii) the nominal value per share of Colour Life.

As at 31 December 2016, the total number of Colour Life's shares to be issued upon the exercise of all options granted under the Colour Life's Scheme is 90,711,000 (2015: 66,472,000) of HKD0.1 each, representing approximately 9.1% (2015: 6.6%) of the issued share capital of Colour Life.

52. Share Option Schemes (continued)

(b) Colour Life (continued)

Details of the share options granted under Colour Life's Scheme is as follows:

Category of Grantees	Date of grant	Exercise price per share HKD	Vesting period	Exercisable period
Directors	29 September 2014	6.66	N/A	29/9/2014–28/9/2024
			29/9/2014–28/9/2015	29/9/2015–28/9/2024
			29/9/2014–28/9/2016	29/9/2016–28/9/2024
			29/9/2014–28/9/2017	29/9/2017–28/9/2024
	30 April 2015	11.00	30/4/2015–29/4/2016	30/4/2016–29/4/2025
			30/4/2015–29/4/2017	30/4/2017–29/4/2025
			30/4/2015–29/4/2018	30/4/2018–29/4/2025
	18 March 2016	5.70	18/3/2016–17/3/2017	18/3/2017–17/3/2026
			18/3/2016–17/3/2018	18/3/2018–17/3/2026
			18/3/2016–17/3/2019	18/3/2019–17/3/2026
Employees and non-controlling shareholders of certain subsidiaries	29 September 2015	6.66	N/A	29/9/2014–28/9/2024
			29/9/2014–28/9/2015	29/9/2015–28/9/2024
			29/9/2014–28/9/2016	29/9/2016–28/9/2024
			29/9/2014–28/9/2017	29/9/2017–28/9/2024
	30 April 2015	11.00	30/4/2015–29/4/2016	30/4/2016–29/4/2025
			30/4/2015–29/4/2017	30/4/2017–29/4/2025
			30/4/2015–29/4/2018	30/4/2018–29/4/2025
	18 March 2016	5.70	18/3/2016–17/3/2017	18/3/2017–17/3/2026
			18/3/2016–17/3/2018	18/3/2018–17/3/2026
			18/3/2016–17/3/2019	18/3/2019–17/3/2026

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52. Share Option Schemes (continued)

(b) Colour Life (continued)

The following table of the Company discloses movements of Colour Life's share options held by employees and directors during the year ended 31 December 2016 and 2015:

Category of Grantees	Date of grant	Vesting period	Outstanding at 1 January 2015	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	Outstanding at 31 December 2015	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	Outstanding at 31 December 2016
Directors	29 September 2014	N/A	560,000	–	–	–	560,000	–	(40,000)	–	520,000
		29/9/2014–28/9/2015	1,270,000	–	–	–	1,270,000	–	(206,000)	–	1,064,000
		29/9/2014–28/9/2016	1,270,000	–	–	–	1,270,000	–	(206,000)	–	1,064,000
		29/9/2014–28/9/2017	711,000	–	–	–	711,000	–	(163,000)	–	548,000
	30 April 2015	30/4/2015–29/4/2016	–	477,000	–	–	477,000	–	(41,000)	–	436,000
		30/4/2015–29/4/2017	–	477,000	–	–	477,000	–	(42,000)	–	435,000
		30/4/2015–29/4/2018	–	476,000	–	–	476,000	–	(41,000)	–	435,000
	18 March 2016	19/3/2016–17/3/2017	–	–	–	–	–	487,000	(60,000)	–	427,000
		19/3/2016–17/3/2018	–	–	–	–	–	487,000	(61,000)	–	426,000
		19/3/2016–17/3/2019	–	–	–	–	–	486,000	(60,000)	–	426,000
			3,811,000	1,430,000	–	–	5,241,000	1,460,000	(920,000)	–	5,781,000
Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	6,107,000	–	(308,000)	(119,000)	5,680,000	–	(145,000)	–	5,535,000
		29/9/2014–28/9/2015	13,730,000	–	(1,070,000)	–	12,660,000	–	(1,037,000)	–	11,623,000
		29/9/2014–28/9/2016	13,730,000	–	(1,070,000)	–	12,660,000	–	(1,037,000)	–	11,623,000
		29/9/2014–28/9/2017	7,622,000	–	(763,000)	–	6,859,000	–	(891,000)	–	5,968,000
	30 April 2015	30/4/2015–29/4/2016	–	7,857,000	(62,000)	–	7,795,000	–	(1,551,000)	–	6,244,000
		30/4/2015–29/4/2017	–	7,857,000	(62,000)	–	7,795,000	–	(1,552,000)	–	6,243,000
		30/4/2015–29/4/2018	–	7,856,000	(62,000)	–	7,794,000	–	(1,551,000)	–	6,243,000
	18 March 2016	19/3/2016–17/3/2017	–	–	–	–	–	10,929,000	(445,000)	–	10,484,000
		19/3/2016–17/3/2018	–	–	–	–	–	10,929,000	(445,000)	–	10,484,000
		19/3/2016–17/3/2019	–	–	–	–	–	10,929,000	(446,000)	–	10,483,000
			41,189,000	23,570,000	(3,397,000)	(119,000)	61,243,000	32,787,000	(9,043,000)	–	84,930,000
Total			45,000,000	25,000,000	(3,397,000)	(119,000)	66,484,000	34,247,000	(9,963,000)	–	90,711,000
Exercisable at the end of the year											38,109,000
Weighted average exercise price at the date of exercise (HKD)							6.66				–

52. Share Option Schemes (continued)

(b) Colour Life (continued)

The closing price of Colour Life's shares on the date of grant was HKD5.76 on 18 March 2016, HKD6.66 on 29 September 2014 and HKD10.88 on 30 April 2015, respectively. Binomial Option Pricing Model had been used to estimate the fair value of Colour Life's options. The variables and assumptions used in computing the fair value of the share options are based on Colour Life's best estimate. The value of Colour Life's option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	18 March 2016	30 April 2015	29 September 2014
Market price	HKD5.76	HKD10.88	HKD6.66
Exercise price	HKD5.76	HKD11.00	HKD6.66
Expected volatility	46.20%	46.26%	48.82%
Risk-free rate	1.27%	1.63%	2.01%
Expected dividend yield	1.55%	0.83%	0.00%

During the year ended 31 December 2016, the estimated fair value of Colour Life's options at the date of grant was RMB72,023,000 (2015: RMB104,714,000). Colour Life recognised the total expense of RMB79,041,000 (2015: RMB88,431,000) as share option reserve included in other non-controlling interests for the year ended 31 December 2016 in relation to share options granted by Colour Life.

(c) Morning Star

A wholly owned subsidiary of the Company acquired during the year, Morning Star, operates a share option scheme (the "Morning Star's Scheme"). The Morning Star's Scheme was adopted pursuant to a resolution passed on 24 December 2015 for the primary purposes of providing incentives to certain directors and employees of the Morning Star and its subsidiaries ("Eligible Employees"). According to the Morning Star's Scheme, the Board of Directors of Morning Star is authorised to grant options at a consideration of HKD1 per option respectively to the Eligible Employees to subscribe for shares of Morning Star ("Morning Star's Shares").

The exercisable period of an option is determined by the directors of Morning Star at their discretion. The expiry date of Morning Star's Options may be determined by the Board of Directors of the Morning Star which shall not be later than the expiry day of Morning Star's Scheme.

As at 31 December 2016, the total number of Morning Star's shares to be issued upon the exercise of all options granted under the Morning Star's Scheme is 7,000,000 of HKD1 each, representing approximately 7% of the issued share capital of Morning Star.

52. Share Option Schemes (continued)

(c) Morning Star (continued)

Details of the share options granted under Morning Star's Scheme is as follows:

Category of Grantees	Date of grant	Granted during the year	Vesting period	Exercisable period	Vesting condition
Eligible Employees	24 December 2015	2,000,000	25/12/2015–30/3/2017	1/4/2017–30/4/2017	the net profit of Morning Star for year ended 31 December 2016 meets RMB10,000,000
		3,000,000	25/12/2015–30/3/2018	1/4/2018–30/4/2018	the net profit of Morning Star for year ending 31 December 2017 meets RMB20,000,000
		2,000,000	25/12/2015–30/3/2019	1/4/2019–30/4/2019	the net profit of Morning Star for year ending 31 December 2018 meets RMB40,000,000

Binomial Option Pricing Model had been used to estimate the fair value of these share – based payment transactions with cash alternative arrangements. The estimated fair value of the share options of Morning Star is RMB5,743,000 which represented the goods or services received from the Employees. The variables and assumptions used in computing the fair value of the share options are based on the management of the Company's best estimate. The expected volatility is based on the historical annualised daily volatilities of comparable companies as if the same sector. Risk-free rate is based on the yield of HK Hong Kong Exchange Fund Notes as of valuation date as quoted from Bloomberg. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	24 December 2015
Share price	HKD1.85
Exercise price	HKD1.00
Expected volatility	45.5% – 54.6%
Risk-free rate	0.25% – 0.84%
Expected dividend yield	0.0%

Morning Star recognised the total expense of RMB2,914,000 (2015: RMB28,000) as share option reserve included in other non-controlling interests for the year ended 31 December 2016 in relation to share options granted by Morning Star.

53. Retirement Benefits Plans

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The Group contributes certain percentage of relevant payroll costs to the Mandatory Provident Fund Scheme, which contribution is matched by employees.

The employees of the Group in the PRC are members of state – Managed retirement benefit scheme operated by the PRC Government. The Company's subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

The Group made contributions to the retirement benefits schemes of RMB130,307,000 (2015: RMB77,208,000).

54. Contingent Liabilities

	2016 RMB'000	2015 RMB'000
(a) Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	6,258,249	6,441,957

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate.

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

	2016 RMB'000	2015 RMB'000
(b) Financial guarantees given to a bank for the banking facilities granted to a joint venture, Novena	536,810	513,098

The Group had provided guarantees in respect of banking facilities granted by a bank to Novena. In the opinion of the directors, the fair value of guarantee contract is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

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55. Related Party Disclosures

During the year, in addition to those disclosed in elsewhere at the consolidated financial statements, the Group had following significant transactions with related parties:

(a) Related party transactions

Related parties	Relationship	Transactions	2016 RMB'000	2015 RMB'000
Wanxiangmei	Subsidiary of a joint venture of the Company	Consultancy service fee income	31,475	–
Shenzhen Wanxiang	Joint venture of the Company	Management fee income	3,960	–

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2016 RMB'000	2015 RMB'000
Short-term benefits	81,278	89,449
Post-employment benefits	14,649	13,998
Share-based payments	–	2,575
	95,927	106,022

(c) Others

(i) As at 31 December 2016, certain directors of the Company provided joint guarantees to the banks and trust company to secure the Group's bank and other borrowings amounting to RMB177,300,000 (2015: RMB275,320,000) in aggregate.

(ii) During the year ended 31 December 2016, the Group had sold certain properties to its key management personnel (not including the directors of the Company) of the Group, at a cash consideration of RMB11,667,000 (2015: RMB16,840,000).

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56. Particulars of Principal Subsidiaries of the Company

(a) Material subsidiaries of the Company

Particulars of principal subsidiaries indirectly held, unless otherwise stated, by the Company as at 31 December 2016 and 2015 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital RMB'000	Proportion effective interest held by the Group 2016	2015	Principal activities	Legal form
Colour Life Services Group Co., Ltd ("Colour Life")[Δ]	The Cayman Islands 16 March 2011	84,313	50.39%	50.39%	Investment holding	Limited liability company
花樣年集團(中國)有限公司 Fantasia Group (China) Co., Ltd*	The PRC 20 January 2006	1,624,844	100%	100%	Investment holding and property development	Limited liability company
深圳市花樣年地產集團有限公司 Shenzhen Fantasia Real Estate Group Limited ("Shenzhen Fantasia")*	The PRC 28 September 1996	150,000	100%	100%	Investment holding, Property development and investment	Limited liability company
成都市花樣年房地產開發有限公司 Chengdu Fantasia Real Estate Co., Ltd*	The PRC 18 October 2001	75,610	100%	100%	Property development and investment	Limited liability company
深圳市花千里房地產開發有限公司 Shenzhen Huaqianli Real Estate Investment Development Co., Ltd*	The PRC 28 August 2006	660,339	100%	100%	Investment holding	Limited liability company
成都花萬裏置業有限公司 Chengdu Huawanli Real Estate Co., Ltd*	The PRC 25 October 2005	100,000	100%	100%	Property development and investment	Limited liability company
成都花千里置業有限公司 Chengdu Huaqianli Real Estate Co., Ltd*	The PRC 6 November 2006	704,680	100%	100%	Property development	Limited liability company
成都花百里置業有限公司 Chengdu Huabaili Real Estate Co., Ltd*	The PRC 22 May 2003	270,000	100%	100%	Property development	Limited liability company
深圳市康年科技有限公司 Shenzhen Kangnian Technology Co., Ltd*	The PRC 9 February 2007	100,000	100%	100%	Property development and investment	Limited liability company
成都花樣年望叢文化發展有限公司 Chengdu Fantasia Wangcong Culture Development Co., Ltd*	The PRC 6 August 2008	300,000	100%	100%	Property development	Limited liability company
成都九蓉房地產開發有限公司 Chengdu Jiurong Real Estate Co., Ltd*	The PRC 22 August 2007	320,000	100%	100%	Property development	Limited liability company

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56. Particulars of Principal Subsidiaries of the Company (continued)

(a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital RMB'000	Proportion effective interest held by the Group 2016	2015	Principal activities	Legal form
深圳市花樣年房地產開發有限公司 Shenzhen Fantasia Real Estate Co., Ltd*	The PRC 20 April 2006	150,000	100%	100%	Property development	Limited liability company
惠州市惠陽區花千里實業有限公司 Huizhou Huiyang Huaqianli Industry Co., Ltd*	The PRC 14 August 2012	100,000	100%	100%	Property development	Limited liability company
蘇州花萬裡房地產開發有限公司 Suzhou Huawanli Real Estate Co., Ltd*	The PRC 9 September 2009	180,000	100%	100%	Property development	Limited liability company
東莞花千里房地產開發有限公司 Dongguan Huaqianli Property Development Co., Ltd*	The PRC 30 April 2012	30,000	100%	100%	Property development	Limited liability company
成都市諾亞舟實業有限公司 Chengdu Nuoyazhou Development Co., Ltd*	The PRC 17 June 2008	300,000	100%	100%	Property development	Limited liability company
桂林萬豪房地產開發有限公司 Guilin Wanhao Property Co., Ltd*	The PRC 14 November 2007	250,000	100%	100%	Property development	Limited liability company
桂林聚豪房地產開發有限公司 Guilin Juhao Property Development Co., Ltd*	The PRC 14 November 2007	250,000	100%	100%	Property development	Limited liability company
深圳市彩生活物業管理有限公司 Shenzhen Colour Life Property Management Co., Ltd ("Shenzhen Colour Life")#	The PRC 11 December 2000	35,000	50.39%	50.39%	Provision of property operation services	Limited liability company
深圳置富房地產開發有限公司 Shenzhen Zhifu Real Estate Investment Development Co., Ltd*	The PRC 1 July 1994	946,844	100%	100%	Property development and investment	Limited liability company
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Services Co., Ltd*#	The PRC 12 June 2007	10,000	50.39%	50.39%	Provision of property operation services	Limited liability company

56. Particulars of Principal Subsidiaries of the Company (continued)

(a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital RMB'000	Proportion effective interest held by the Group 2016	2015	Principal activities	Legal form
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Science & Technology Co., Ltd*#	The PRC 15 November 2001	5,000	50.39%	50.39%	Provision of engineering services	Limited liability company
花樣年(成都)生態旅遊開發有限公司 Fantasia (Chengdu) Ecological Tourism Development Co., Ltd*	The PRC 7 September 2006	1,344,970	100%	100%	Property development	Limited liability company
成都望叢房地產開發有限公司 Chengdu Wangcong Property Development Co., Ltd*	The PRC 28 June 2014	394,400	100%	60%	Property development	Limited liability company
蘇州銀莊置地有限公司 Suzhou Yinzhuang Real Estate Co., Ltd*	The PRC 25 January 2006	500,000	100%	100%	Property development	Limited liability company
惠州TCL房地產開發有限公司 Huizhou TCL Property Development Co., Ltd*	The PRC 29 December 2004	100,000	100%	100%	Property development	Limited liability company
成都花樣年置富房地產開發有限公司 Chengdu Fantasia Zhifu Property Development Co., Ltd*	The PRC 13 March 2014	500,000	100%	100%	Property development	Limited liability company
寧波世紀華豐房產有限公司 Ningbo Century Huafeng Property Co., Ltd*	The PRC 25 March 2010	427,500	100%	100%	Property development	Limited liability company
深圳市開元國際物業管理有限公司 Shenzhen Kaiyuan International Property Management Co., Ltd*#	The PRC 19 October 2000	330,000	50.39%	50.39%	Provision of property operation services	Limited liability company
深圳市越華創新科技工業城有限公司 Shenzhen Yuehua Innovation Technology Industry City Co., Ltd.* ("Shenzhen Yuehua")	The PRC 15 September 2004	62,500	51%	51%	Property development	Limited liability company

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56. Particulars of Principal Subsidiaries of the Company (continued)

(a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital RMB'000	Proportion effective interest held by the Group 2016	2015	Principal activities	Legal form
深圳市永利鴻盈投資有限公司 Shenzhen Yonglihongying Investment Co., Ltd.*	The PRC 23 August 2005	10,000	81%	81%	Property development	Limited liability company
武漢TCL置地投資有限公司 WuhanTCL Real Estate Investment Co., Ltd.*	The PRC 06 May 2011	30,000	100%	100%	Property development	Limited liability company
四川瀚峰置業有限公司 Sichuan Hanfeng Real Estate Co., Ltd*^	The PRC	356,850	91%	–	Property development	Limited liability company
重慶泓山物業管理有限公司 Chongqing Hongshan Property Management Co., Ltd*#^	The PRC 09 September 2003	10,000	43.83%	–	Provision of property operation services	Limited liability company
深圳安博電子有限公司 Shenzhen Anbo Electronic Co., Ltd. ("Shenzhen Anbo")	The PRC 17 August 1994	87,000	51%	51%	Property development	Limited liability company
北京亞新科天緯油泵油嘴股份有限公司 ASIMCO Tianwei Fuel Injection Equipment Stock (Beijing) Co., Ltd. ("ASIMCO Tianwei")	The PRC 3 December 1994	381,180	59.84%	N/A	Manufacturing and sale of fuel pumps	Limited liability company

* The English name is for identification purpose only.

\# These subsidiaries were held by a non-wholly owned subsidiary of the Company namely Colour Life as at 31 December 2016 and 2015.

^ These subsidiaries were acquired during the year ended 31 December 2016. Details are set out in note 46.

Δ Except for these subsidiaries were directly held by the Company, all other subsidiaries are indirectly owned by the Company.

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

56. Particulars of Principal Subsidiaries of the Company (continued)

(b) **Composition of the Group**

Information about the subsidiaries of the Company that are not material to the Group at the end of each reporting period is as follow:

Principal activities	Principal place of business	Number of subsidiaries 2016	2015
Investment holding	BVI	20	20
	Hong Kong	19	20
	PRC	18	18
	USA	3	1
	Singapore	1	1
	Cayman	1	0
Property development	PRC	94	65
Property investment	PRC	1	1
	Japan	1	1
Property agency services	PRC	1	1
Property operation services	PRC	120	89
Hotel operations	PRC	5	5
	USA	1	1
Other operations	Hong Kong	4	3
	PRC	4	–
	Macao	1	1
		294	227

For the year ended 31 December 2016

56. Particulars of Principal Subsidiaries of the Company (continued)

(c) **Details of non-wholly owned subsidiaries that have material non-controlling interests**

The table below shows details of non-wholly owned subsidiaries of the Company as at 31 December 2016 and 2015 that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Ownership interests and rights held by non-controlling interests		Profit (loss) attributable to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	2016	2015	2016	2015
				RMB'000	RMB'000	RMB'000	RMB'000
Shenzhen Colour Life	The PRC	49.61%	49.61%	20,790	31,983	168,018	147,228
Shenzhen Anbo	The PRC	39%	39%	57,649	(43)	90,404	32,755
Shenzhen Yuehua	The PRC	49%	49%	140,646	732	142,206	1,560
ASIMCO Tianwei	The PRC	40.16%	N/A	(40,160)	–	327,417	–
				178,925	32,672	728,045	181,543
Individually immaterial subsidiaries with non-controlling interests				42,137	95,659	1,237,242	821,361
				221,062	128,331	1,965,287	1,002,904

56. Particulars of Principal Subsidiaries of the Company (continued)

(c) **Details of non-wholly owned subsidiaries that have material non-controlling interests** (continued)

Summarised financial information in respect of Company's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represented amounts before intra group eliminations.

	Shenzhen Colour Life		Shenzhen Anbo	
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	918,715	806,648	3,654	464,920
Non-current assets	24,202	29,830	803,072	35
Current liabilities	344,250	429,708	414,766	380,969
Non-current liabilities	259,990	110,000	160,156	–
Equity attributable to owners of the company	170,659	149,542	141,400	51,231
Non-controlling interests	168,018	147,228	90,404	32,755
Revenue	139,202	158,888	–	–
Cost of sales	(43,988)	(55,068)	–	–
Recognition of change in fair value of property for sale upon transfer from investment property	–	–	227,172	–
Expenses	(53,307)	(39,351)	(79,354)	(111)
Profit (loss) for the year	41,907	64,469	147,818	(111)
Profit (loss) attributable to the owners of the company	21,117	32,486	90,169	(68)
Profit (loss) attributable to the non-controlling interests	20,790	31,983	57,649	(43)
Net cash inflow (outflow) from operating activities	90,211	61,871	(87,824)	(20,982)
Net cash inflow (outflow) from investing activities	77,435	(3,265)	5	(16)
Net cash inflow (outflow) from financing activities	26,267	(79,470)	89,503	20,767
Net cash inflow (outflow)	193,913	(20,864)	1,684	(231)

For the year ended 31 December 2016

56. Particulars of Principal Subsidiaries of the Company (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

	Shenzhen Yuehua		ASIMCO Tianwei
	2016	2015	2016
	RMB'000	RMB'000	RMB'000
Current assets	922,603	374,751	1,578,396
Non-current assets	134	203	267,910
Current liabilities	632,520	371,771	659,701
Non-current liabilities	–	–	371,323
Equity attributable to owners of the Company	148,011	1,623	487,865
Non-controlling interests	142,206	1,560	327,417
Revenue	522,982	–	158,989
Cost of sales	(134,926)	–	(147,142)
Expenses	(101,022)	(1,494)	(111,847)
Profit (loss) for the year	287,034	(1,494)	(100,000)
Profit (loss) attributable to the owners of the Company	146,388	(762)	(59,840)
Profit (loss) attributable to the non-controlling interests	140,646	(732)	(40,160)
Net cash inflow (outflow) from operating activities	131,858	22,882	(98,260)
Net cash (outflow) inflow from investing activities	(38,895)	(270,153)	1,149
Net cash inflow from financing activities	46,462	283,065	87,446
Net cash inflow (outflow)	139,425	35,794	(9,665)

For the year ended 31 December 2016

57. Information About the Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	2,744,791	2,536,908
Amounts due from subsidiaries	8,165,950	7,066,355
	10,910,741	9,603,263
CURRENT ASSETS		
Other receivables	157,169	451
Banks balances and cash	1,894,858	1,543
	2,052,027	1,994
CURRENT LIABILITIES		
Other payables	27,653	15,537
Amounts due to subsidiaries	53,158	4,400
Bank borrowings – due within one year	1,353	201,495
Senior notes	1,794,707	1,004,105
	1,876,871	1,225,537
NET CURRENT ASSETS (LIABILITIES)	175,156	(1,223,543)
TOTAL ASSETS LESS CURRENT LIABILITIES	11,085,897	8,379,720

	2016 RMB'000	2015 RMB'000
NON-CURRENT LIABILITIES		
Senior notes	10,035,569	6,636,915
Bank borrowing – due after one year	650,000	–
	10,685,569	6,636,915
TOTAL ASSETS LESS TOTAL LIABILITIES	400,328	1,742,805
CAPITAL AND RESERVES		
Share capital	497,848	497,797
Reserves	(97,520)	1,245,008
	400,328	1,742,805

For the year ended 31 December 2016

57. Information About the Statement of Financial Position of the Company (continued)

Movement of capital and reserves:

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Share options reserve RMB'000	Total RMB'000
At 1 January 2015	497,485	2,441,983	(389,239)	19,499	2,569,728
Loss and total comprehensive expense for the year	–	–	(586,968)	–	(586,968)
Recognition of equity-settled share-based payments (note 52)	–	–	–	2,464	2,464
Issue of share upon exercise of share options	312	3,219	–	(938)	2,593
Share options lapsed	–	–	3,092	(3,092)	–
Dividend distributed to shareholders of the Company (note 11)	–	(245,012)	–	–	(245,012)
At 31 December 2015	497,797	2,200,190	(973,115)	17,933	1,742,805
Loss and total comprehensive expense for the year	–	–	(1,087,099)	–	(1,087,099)
Issue of share upon exercise of share options	51	706	–	(342)	415
Dividend distributed to shareholders of the Company (note 11)	–	(255,793)	–	–	(255,793)
At 31 December 2016	497,848	1,945,103	(2,060,214)	17,591	400,328

58. Event After the Reporting Period

On 23 January 2017, the Company redeemed all outstanding senior notes (2014 – senior notes due 2019) amounting to USD278,900,000, equivalent to approximately RMB1,912,473,000, at the price equal to 105.31250% of the principal amount thereof, being USD293,717,000, equivalent to approximately RMB2,014,076,000, plus accrued and unpaid interest of USD14,817,000, equivalent to approximately RMB101,603,000, to the redemption date.

The total redemption price paid by the Company on the redemption date is US$308,534,000, equivalent to RMB2,115,679,000, and a loss on redemption of approximately RMB203,206,000 will be recognised in profit or loss.

RESULTS

	For the year ended 31 December					
	2011 RMB'000 (restated)	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	2016 RMB'000
Revenue	5,592,350	6,230,050	7,279,828	7,305,950	8,164,297	**10,920,638**
Profit before taxation	2,151,840	2,386,858	2,404,303	2,529,719	2,721,358	**2,506,164**
Income tax expense	(1,038,344)	(1,261,209)	(1,174,112)	(1,157,408)	(1,318,542)	**(1,441,816)**
Profit For the year	1,113,496	1,125,649	1,230,191	1,372,311	1,402,816	**1,064,348**
Attributable to						
Owners of the company	1,057,479	1,139,241	1,215,038	1,255,341	1,210,610	**805,736**
Non-controlling interests	56,017	(13,592)	15,153	116,970	192,206	**258,612**
	1,113,496	1,125,649	1,230,191	1,372,311	1,402,816	**1,064,348**

ASSETS AND LIABILITIES

	At 31 December					
	2011 RMB'000 (restated)	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	2016 RMB'000
Total assets	18,122,636	24,526,597	30,563,466	41,254,080	44,551,288	**49,752,263**
Total liabilities	12,340,380	17,605,431	22,732,138	29,841,706	32,311,251	**36,631,528**
	5,782,256	6,921,166	7,831,328	11,412,374	12,240,037	**13,120,735**
Equity attributable to owners of the company	5,601,599	6,601,130	7,320,451	9,453,059	10,408,491	**10,955,351**
Non-controlling interests	180,657	320,036	510,877	1,959,315	1,831,546	**2,165,384**
	5,782,256	6,921,166	7,831,328	11,412,374	12,240,037	**13,120,735**

1. COMPLETED PROPERTIES HELD FOR INVESTMENT

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
1	Units 101 and 148 and 200 car parking spaces of My Place located at Xiasha Village South Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Commercial/ park	Long/–	Commercial: 11,100.07m^2	100%
2	Unit 16B of Jinfeng Mansion located at Shangbu South Road Futian District Shenzhen City Guangdong Province The PRC	Commercial	Medium	450.21m^2	100%
3	Unit 110 and 191 car parking spaces of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 1,234.93m^2	100%
4	100 car parking spaces of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
5	Units 105 to 108 and 200 car parking spaces of Hailrun Complex, No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Medium/–	Commercial: 42.91m^2	100%
6	177 car parking spaces of Endless Blue located at the northern side of North Ring, Xiameilin Futian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
7	Units 201 to 204 of Block C and 319 car parking spaces of Future Plaza located at the north of Qiaoxiang Road and the west of Zhonghang Shahe Industrial Zone Nanshan District Shenzhen City Guangdong Province The PRC	Office/ Carpark	Medium/–	Office: 1,511.51 m^2	100%

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
8	145 car parking spaces of Flower Harbor located at the junction of Mingzhu Avenue and Yong'an North Road Yantian District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
9	527 car parking spaces of Huajun Garden of Love Forever located at the junction of Bao'an Avenue and Yulv Road Bao'an District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
10	507 car parking spaces of Huaxiang Garden of Love Forever located at the junction of Baoan Avenue and Yulv Road Bao'an District Shenzhen City Guangdong Province The PRC	Carpark	–	–	100%
11	Units 401 to 404 of Xiangyun Tiandu Century Mansion located at the junction of Fuqiang Road and Xinzhou San Street Futian District Shenzhen City Guangdong Province The PRC	Office	Long	509.09m^2	100%
12	The northern portion of Block B and 200 car parking spaces of Funian Plaza located at the junction of Shihua Road and Hongmian Avenue Futian District Shenzhen City Guangdong Province The PRC	Office/ Carpark	Medium/–	Office: 20,398.49m^2	100%
13	Longnian Building Longgang Town Longgang District Shenzhen City Guangdong Province The PRC	Commercial	Long	803.32m^2	100%

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
14	Phase II of Able Electronic Project located at the north-western side of the junction of Qingfeng Avenue and Baolong 4th Road Baolong Industrial Zone Longgang District Shenzhen City Guangdong Province The PRC	Commercial	Long	65,653.72m²	61%
15	153 car parking spaces of Human Art Wisdom No. 33 Ximianqiao Street Wuhou District Chengdu City Sichuan Province The PRC	Carpark	Long	5,977.24m²	100%
16	The commercial portion of a community club and 15 car parking spaces of Fantasia Special Town No. 333 Huanglong Avenue 2nd Section Gongxing Town Shuangliu County Sichuan Province The PRC	Club/ Carpark	Long	Carpark: 275.8 m² Club: 2,489.26 m²	100%
17	566 mechanical car parking spaces of Love Forever No. 99 Shuangqing Road Chenghua District Chengdu City Sichuan Province The PRC	Carpark	–	–	100%
18	Building No. 7 and portion of Levels 1 to 3 of Building No. 20 of Fantasia Town No. 399 Wenquan Avenue 3rd Passage Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	Commercial	Long	20,644.45m²	100%
19	1,142 mechanical car parking spaces of Future Plaza No. 88 Jitai Fifth Road Hi-tech Industrial Development Zone Chengdu City Sichuan Province The PRC	Carpark	Short	–	100%

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
20	Fantasia Longnian International Center located at the 3 She of Wangcong Village and 6 She of Jusong Village Pitong Town Pi Country Chengdu City Sichuan Province The PRC	Commercial	Long	31,743.70m²	100%
21	152 car parking spaces of Haoge Project No. 1 Xiangshan Road Taihu National Tourism Vacation Zone Wuzhong District Suzhou City Jiangsu Province The PRC	Carpark	–	–	100%
22	Portions of Levels 1 to 9 and 77 car parking spaces of Zhongding Mansion No. 4 Canluan Road Hi-tech Development Zone Guilin City Guangxi Province The PRC	Office/ Carpark	Medium/–	Office: 8,924.52m²	100%
23	Building No. 1 (exclusive of Level 2) and Level 3 of Building No. 5 of Guilin Fantasia Town located at the junction of Wanfu Road and Xicheng Avenue Lingui New District Guilin City Guangxi Province The PRC	Commercial	Long	61,982.66m²	100%
24	Phase II Lakeside Eden Yangtang Industrial Park Lingui Town Guilin City Guangxi Province The PRC	Commercial	Long	13,689.23m²	100%
25	Various retail units of Building 1 to 3 and 8 of Phase III of Lakeside Eden located at Yangtang Industrial Park Linggui Town Guilin City Guangxi Province The PRC	Commercial	Long	5,697m²	100%
26	5 car parking spaces of Tianjin Future Plaza located at the junction of Dongjiang Road and Neijiang Road Hexi District Tianjin The PRC	Carpark	–	–	100%

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
27	Units 1-101, 1-102, 109 and 201 of Block 5, Unit 103 of Block 1 and Units 101, 202 of Block 4 and 599 car parking spaces of Hailrun Plaza located at the junction of Jiefang South Road and Wushui Road Jinnan District Tianjin The PRC	Office/ Carpark	Medium/–	Office: 4,990.41m^2	100%
28	142 car parking spaces of Phase II of Huajun Garden located at the northern side of Nongyu Road Xiazhuzhuang Street Wuqing District Tianjin The PRC	Carpark	–	–	100%
29	24 car parking spaces of Phase I of Huajun Garden located at the northern side of Nongyu Road Xiazhuzhuang Street Wuqing District Tianjin The PRC	Carpark	–	–	100%
30	586 car parking spaces of Phase IV of Huajun Garden located at the northern side of Nongyu Road Xiazhuzhuang Street Wuqing District Tianjin The PRC	Carpark	–	–	100%
31	Various office units, retail units and 404 car parking spaces of Meinian Plaza No. 308-13 Chen Tang Technology Business Service Center No. 20 Dong Ting Avenue Hexi District Tianjin The PRC	Office/ Commercial/ Carpark	Long	26,022.60m^2	100%
32	Level 2 of Room 40 and various retail units, Building No. 5 of Fantasia Life Square located at the southern side of Lvzhou East Road Yuhuatai District Nanjing City Jiangsu Province The PRC	Commercial	Long	20,655.26m^2	100%

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
33	The clubhouse, kindergarten and 654 car parking spaces of Palm Park No. 3 Hechang 5th Road West Zhongkai High-tech Industrial Development Zone Huizhou City Guangdong Province The PRC	Kindergarten/ Clubhouse/ Carpark	Long/ Long/–	Kindergarten: 3,500m^2 Clubhouse: 1,890m^2	100%
34	The kindergarten and 93 car parking spaces of Jiayuan Estate No. 25 Maidi South Road Huicheng District Huizhou City Guangdong Province The PRC	Kindergarten/ Carpark	Medium/–	Kindergarten: 2,221.68m^2	100%
35	The clubhouse and 242 car parking spaces of Xiangxie Garden No. 63 Yanda Avenue Huicheng District Huizhou City Guangdong Province The PRC	Clubhouse/ Carpark	–	Clubhouse: 371.25m^2	100%
36	165 car parking spaces of Cuiyuan Garden No. 35 Maidi South Road Huicheng District Huizhou City Guangdong Province The PRC	Carpark	–	–	100%
37	169 car parking spaces of Yayuan Garden No. 1 Huayuan Road Huicheng District Huizhou City Guangdong Province The PRC	Carpark	–	–	100%
38	Unit 105 of Building No. 26 and a kindergarten of Phase II of Fantasia Special Town located at Danshui Street Huiyang District Huizhou City Guangdong Province The PRC	Commercial/ Kindergarten	Long	Commercial: 271.36m^2 Kindergarten: 2,400.00m^2	100%
39	Various retail units of Phase III of Fantasia Special Town located at Danshui Street Huiyang District Huizhou City Guangdong Province The PRC	Commercial	Long	2,616.68m^2	100%

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
40	5 residential units of 2076 Sixiangjia located at the northern side of Baiyun 2nd Road Danshui Town Huiyang District Huizhou City Guangdong Province The PRC	Residential	Long	237.45m^2	100%
41	Wuhan Fantasia Town and 1,023 car parking spaces located at the western side of Huanhu Middle Road and the northern side of Baihuan'er Road Jinyinhu Street Dongxihu District Wuhan City Hubei Province The PRC	Commercial/ Carpark	Long	Commercial: 7,219.05m^2	100%
42	1,832 car parking spaces of Phase I and III of Huajun No. 138 Renhe Road Qingshan District Wuhan City Hubei Province The PRC	Carpark	–	–	100%
43	Levels 1 to 4 and 390 car parking spaces of Jiangshan Garden Jiangshan Hui located at Gongchang Road Huangjiang Town Dongguan City Guangdong Province The PRC	Commercial	Long	14,209.25m^2	100%
44	2 residential units of Block B and 25 car parking spaces of Aidu Apartment No. 55 of No. 2322 Nong Hongqiao Road Shanghai City The PRC	Residential/ Carpark	Long	Residential: 494.67m^2	100%
45	49-banchi-11, Aza Yanagihara Oaza Myobaru, Nishi-ku, Fukuoka-shi Fukuoka Prefecture Japan	Residential/ Carpark	Long	Residential: 1,290.98m^2	100%
46	702 Matsubara 2-chome Naka-ku, Nagoya-shi Aichi Prefecture Japan	Residential/ Carpark	Long	Residential: 1,751.04m^2	100%
47	1214-1, 1214-2, Imaike 3-chome Chigusaku Nagoyashi Aichi Prefecture Japan	Residential/ Carpark	Long	Residential: 970.00m^2	100%

2. INVESTMENT PROPERTIES UNDER CONSTRUCTION

No.	Property	Type	lease term	Stage of Completion	Interest held by the Group (%)	Anticipated completion date
1	The retail portion of Hailrun Plaza located at the southeast junction of Shishan Road and Binhe Road Shishan Street, National New & Hi-tech Industrial Development Zone Suzhou City Jiangsu Province The PRC	Commercial	Long	In progress	100%	2017
2	Phase III of Fantasia Longnian International Center under construction located at Jusong Village Pitong Town Pi Country Chengdu City Sichuan Province The PRC	Commercial	Long	In progress	100%	2019
3	Levels 1 to 3 of Fantasia Town under construction located at the southern side of Shuanggao Road and the western side of Taoyuan South Road Gaochun Development Zone Nanjing City Jiangsu Province The PRC	Commercial	Long	In progress	100%	2018
4	Various retail units of Blocks 25 to 28 of Phase IV of Kangchengsiji under construction located at Zhongkai Nos. 12 and 13 Zone Huizhou City Guangdong Province The PRC	Commercial	Long	In progress	100%	2018

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