

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



華潤置地有限公司

China Resources Land Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1109)

ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

- Consolidated revenue for Year 2016 amounted to HK\$109.33 billion, up by 5.2% YoY. Development property revenue increased by 5.0% YoY to HK\$98.73 billion, rental income of investment property (including hotel operations) up by 8.5% YoY to HK\$7.25 billion.
- Consolidated gross profit margin improved to 33.7% in Year 2016 from 31.1% in Year 2015. Development property gross profit margin improved to 32.3% in Year 2016 from 30.0% in Year 2015, while investment property (including hotel operations) gross profit margin rose slightly to 60.6% in Year 2016 from 59.6% in Year 2015.
- Core profit attributable to the owners of the Company excluding revaluation gain from investment properties reached HK\$16.27 billion, representing a YoY growth of 13.9%; profit attributable to the owners of the Company including the revaluation gain from investment properties increased by 10.2% YoY to HK\$19.50 billion.
- Booked GFA amounted to approximately 7.33 million square meters in Year 2016, increased by 3.7% as compared with 7.06 million square meters in Year 2015.
- As of 31 December 2016, the Group has locked in unbooked contracted value of RMB99.33 billion that are subject to recognition in 2017 and years to come, among which, RMB54.66 billion will be recognized in 2017 as development property revenue.
- During Year 2016, apart from the assets acquired from CRH, newly added land bank amounted to 10.52 million square meters. As of 31 December 2016, the Group's total land bank was approximately 44.85 million square meters.
- Earnings per share achieved HK281.4 cents, up by 7.5% as compared with HK261.7 cents in Year 2015, while core earnings per share attributable to the owners of the Company increased by 11.1% YoY to HK234.8 cents.
- The Board recommended a final dividend of HK61.2 cents per share. Together with the interim dividend of HK9.2 cents per share, the total dividend for Year 2016 was up by 22.6% YoY to HK70.4 cents per share, with a payout ratio of approximately 30.0% of core net profit attributable to the owners of the Company in Year 2016, payout ratio increased by 2pt from 28.0% in Year 2015.

The board of directors (the “Board”) of China Resources Land Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2016 (“Year 2016”) as follows:

CONSOLIDATED INCOME STATEMENT

	<i>NOTES</i>	For year ended 31 December	
		<u>2016</u>	<u>2015</u>
		<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Revenue	4	109,327,527	103,906,275
Cost of sales		<u>(72,438,555)</u>	<u>(71,561,543)</u>
Gross profit		36,888,972	32,344,732
Gain on changes in fair value of investment properties		4,830,649	4,722,778
Other income and other gains		2,588,792	2,684,107
Selling and marketing expenses		(3,245,449)	(3,336,655)
General and administrative expenses		(3,082,962)	(3,061,769)
Share of profit of investments in joint ventures		618,180	323,406
Share of loss of investments in associates		(17,572)	(25,271)
Finance costs	5	<u>(193,318)</u>	<u>(929,589)</u>
Profit before taxation		38,387,292	32,721,739
Income tax expenses	6	<u>(15,888,148)</u>	<u>(13,159,980)</u>
Profit for the year	7	<u>22,499,144</u>	<u>19,561,759</u>
Profit for the year attributable to:			
Owners of the Company		19,500,880	17,697,752
Non-controlling interests		<u>2,998,264</u>	<u>1,864,007</u>
		<u>22,499,144</u>	<u>19,561,759</u>
		<i>HK cents</i>	<i>HK cents</i> (Restated)
Earnings per share	9		
Basic		281.4	261.7
Diluted		<u>N/A</u>	<u>261.6</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For year ended 31 December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Profit for the year	<u>22,499,144</u>	<u>19,561,759</u>
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange loss arising on translation to presentation currency	(12,074,421)	(10,949,731)
Reversal of translation reserve on disposal of a subsidiary	<u>–</u>	<u>100,360</u>
	<u>(12,074,421)</u>	<u>(10,849,371)</u>
Total comprehensive income for the year	<u><u>10,424,723</u></u>	<u><u>8,712,388</u></u>
Total comprehensive income attributable to:		
Owners of the Company	9,169,980	8,220,004
Non-controlling interests	<u>1,254,743</u>	<u>492,384</u>
	<u><u>10,424,723</u></u>	<u><u>8,712,388</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	31.12.2016 <u>HK\$'000</u>	31.12.2015 <u>HK\$'000</u> (Restated)	1.1.2015 <u>HK\$'000</u> (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		9,031,416	7,206,804	7,002,332
Investment properties		95,141,210	89,549,896	80,402,560
Land use rights		2,257,561	2,382,385	2,549,883
Goodwill		13,810	–	–
Investments in joint ventures		3,679,335	4,234,510	3,542,441
Investments in associates		6,386,403	6,292,824	124,969
Available-for-sale investments		56,574	13,075	191,093
Prepayments for non-current assets		405,271	300,824	745,642
Deferred taxation assets		3,824,508	705,913	487,576
Amounts due from non-controlling interests		1,470,735	474,435	400,290
Amounts due from joint ventures		3,647,902	985,946	–
Amounts due from associates		3,185,621	–	–
		<u>129,100,346</u>	<u>112,146,612</u>	<u>95,446,786</u>
CURRENT ASSETS				
Properties for sale		195,662,615	193,102,990	190,949,373
Other inventories		762,507	626,188	609,430
Trade receivables, other receivables, prepayments and deposits	10	44,291,363	27,666,987	27,636,464
Amounts due from customers for contract works		271,613	330,086	268,119
Amounts due from intermediate holding companies		12,394	741,122	597,460
Amounts due from fellow subsidiaries		180,562	114,447	83,758
Amounts due from joint ventures		51,115	4,628,693	3,161,470
Amounts due from associates		1,888,810	6,707,495	1,966,346
Amounts due from non-controlling interests		857,669	1,089,412	319,366
Prepaid taxation		7,291,808	3,404,243	3,114,805
Cash and bank balances		46,673,952	47,058,032	45,343,286
		<u>297,944,408</u>	<u>285,469,695</u>	<u>274,049,877</u>
CURRENT LIABILITIES				
Trade and other payables	11	58,645,409	52,192,512	46,295,815
Advances received from pre-sales of properties		105,663,376	96,316,492	81,902,994
Amounts due to customers for contract works		150,461	162,059	99,437
Amount due to the ultimate holding company		103	110	117
Amounts due to intermediate holding companies		12,150	3,033,776	3,658,696
Amounts due to fellow subsidiaries		6,683,541	7,201,912	4,391,718
Amounts due to joint ventures		428,060	607,066	582,117
Amounts due to associates		158,137	168,602	–
Amounts due to non-controlling interests		4,853,013	5,070,745	3,066,587
Taxation payable		15,525,980	9,978,751	9,308,972
Bank and other borrowings — due within one year		11,988,217	6,416,304	21,326,869
Senior notes — due within one year		–	7,773,576	–
		<u>204,108,447</u>	<u>188,921,905</u>	<u>170,633,322</u>
NET CURRENT ASSETS		<u>93,835,961</u>	<u>96,547,790</u>	<u>103,416,555</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>222,936,307</u>	<u>208,694,402</u>	<u>198,863,341</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	31.12.2016	31.12.2015	1.1.2015
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)	<i>HK\$'000</i> (Restated)
EQUITY			
Share capital	693,094	693,094	583,122
Reserves	115,744,410	114,880,503	105,675,909
Equity attributable to owners of the Company	116,437,504	115,573,597	106,259,031
Non-controlling interests	22,721,138	16,913,995	11,559,608
	139,158,642	132,487,592	117,818,639
NON-CURRENT LIABILITIES			
Bank and other borrowings — due after one year	46,734,125	47,513,148	44,576,478
Senior notes — due after one year	15,342,590	15,341,724	23,113,386
Medium-term notes — due after one year	5,686,201	–	–
Long term payables	–	16,361	–
Amount due to an intermediate holding company	–	470,273	1,745,071
Amount due to a fellow subsidiary	–	–	76,058
Amount due to an associate	425,070	202,917	–
Amounts due to non-controlling interests	3,168,554	1,293,381	1,433,261
Deferred taxation liabilities	12,421,125	11,369,006	10,100,448
	83,777,665	76,206,810	81,044,702
TOTAL OF EQUITY AND NON-CURRENT LIABILITIES	222,936,307	208,694,402	198,863,341

NOTES:

1. MERGER ACCOUNTING RESTATEMENT

Merger accounting for business combination involving entities under common control

On 26 August 2016, Hugeluck Enterprises Limited (“Hugeluck”), a wholly-owned subsidiary of China Resources (Holdings) Company Limited (“CRH”), transferred its entire interest in Shining Jade Enterprises Limited and its subsidiaries (“Shining Jade Group”) to the Group for a consideration of RMB6,236,000,000 (equivalent to HK\$7,296,000,000). The principal activities of Shining Jade Group are property development and car park operations in the People’s Republic of China (the “PRC”).

Before 30 June 2016, Urban Car Park Holdings Limited (“Urban Car Park Holdings”) was wholly-owned by China Resources Urban Car Park Investment Partnership, L.P. (“the Partnership”) with Urban Car Park Capital Partners Limited being the general partner. The Partnership was 45.28% owned by Shiftwell Investment Limited (“Shiftwell”), a wholly-owned subsidiary of CRH, and 54.72% owned by three limited partners (“Limited Partners”). The principal activity of the Urban Car Park Holdings is car park operations in the PRC. Accordingly, CRH’s interest in Urban Car Park Holdings was accounted for as an associate by CRH under HKFRS 11. On 30 June 2016, the Limited Partners transferred their 54.72% interest in the Partnership to Shiftwell for a consideration of USD42,969,000 (equivalent to HK\$333,389,000). Urban Car Park Holdings became a wholly-owned subsidiary of Shiftwell and CRH and a goodwill of HK\$13,810,000 arising from this acquisition was recognised by CRH. On the same date, Shiftwell transferred the entire interest in Urban Car Park Holdings to Shining Jade Group. Accordingly, Urban Car Park Holdings became a wholly-owned subsidiary of Shining Jade Group after above acquisition and restructuring.

The directors of the Company have determined that the application of merger accounting to the acquisition of Shining Jade Group, being a business combination involving entities under common control, under Accounting Guideline 5 Merger Accounting for Common Control Combinations (“AG 5”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), will provide more relevant and useful information to financial statement users as it better reflects the economic substance of the transaction. The Group and the entities acquired are regarded as continuing entities.

Under merger accounting, based on the guidance set out in AG 5, the consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party’s perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party (i.e. it will require recording of the fair value of the identifiable assets and liabilities of the acquired entity or business at the date of original acquisition from third parties by the controlling party, any remaining goodwill arising on the previous acquisition and minority interests recorded in the consolidated financial statements of the controlling party). No amount is recognised in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to other reserves in the consolidated statement of changes in equity.

1. MERGER ACCOUNTING RESTATEMENT (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the prior years have been restated to include the operating results of the Shining Jade Group, other than Urban Car Park Holdings and its subsidiaries, as if this acquisition had been completed since the dates the respective entities or businesses came under the control of CRH. The consolidated statement of financial position as at 1 January 2015 and 31 December 2015 have been restated to adjust the carrying amounts of the assets and liabilities of the Shining Jade Group, other than Urban Car Park Holdings, had been in existence as at 1 January 2015 and 31 December 2015 as if those entities or businesses were combined from the date when they first came under the control of CRH (see below for the financial impacts). The consolidated financial statements of the Group for the year ended 31 December 2016 have been adjusted to include the assets and liabilities and the operating results of Urban Car Park Holdings and its subsidiaries since 30 June 2016, when the business of Urban Car Park Holdings and its subsidiaries first came under the common control.

During the year ended 31 December 2015, Central New Investment Limited (“Central New”), a subsidiary of CRH, transferred the entire equity interest in Top Virtue Enterprises Limited and its subsidiaries and 深圳市潤越投資發展有限公司 (the “Top Virtue Group”) to the Group. The principal activities of Top Virtue Group are development and sale of developed properties and property investments in the PRC.

Before August 2015, 華潤置地南京發展有限公司 (“華潤置地(南京)”) was 60% held by 華潤置地(蘇州)有限公司 (“華潤置地(蘇州)”), a wholly-owned subsidiary of the Company, and 40% held by 深圳市潤鑫三號投資合夥企業(有限合夥) (“深圳潤鑫三號”). 華威永盛企業管理有限公司 (“華威永盛”), 51% owned by a wholly owned subsidiary of CRH, is the general partner and has control of 深圳潤鑫三號 by virtue of its power to make investment decisions for and on behalf of 深圳潤鑫三號. The principal activity of 華潤置地(南京) is property development. The interest in 華潤置地(南京) was accounted for as a joint venture under HKFRS 11 as all of the strategic financial and operating decisions must be approved by all of the joint venture partners with unanimous consent. During August 2015, 華潤置地(蘇州) and 深圳潤鑫三號 revised the memorandum and association of 華潤置地(南京) and stipulated that the decision for operating, investing and financing activities (the “relevant activities”) was made by simple majority of voting rights. Since 華潤置地(蘇州) has simple majority of voting rights on the relevant activities on 華潤置地(南京), 華潤置地(南京) became a subsidiary of the Group.

The directors of the Company have determined that the application of merger accounting to the acquisition of Top Virtue Group and 華潤置地(南京) (together “Acquired Businesses”), being a business combination involving an entity under common control, under AG5 issued by the HKICPA, will provide more relevant and useful information to financial statement users as it better reflects the economic substance of the transaction. The Group and the entity acquired are regarded as continuing entities. The effect of those restatements arising from the business combination of Acquired Businesses has been adjusted in the previous consolidated financial statements of the Group for the year ended 31 December 2015.

1. MERGER ACCOUNTING RESTATEMENT (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements described above on the consolidated income statement for the year ended 31 December 2015 by line items is as follows:

	Year ended 31 December 2015 <i>HK\$'000</i> (Audited and originally stated)	Business combination of entities under common control <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i> (Restated)
Revenue	103,393,234	513,041	103,906,275
Cost of sales	<u>(71,095,093)</u>	<u>(466,450)</u>	<u>(71,561,543)</u>
Gross profit	32,298,141	46,591	32,344,732
Gain on changes in fair value of investment properties	4,602,361	120,417	4,722,778
Other income and other gains	2,556,439	127,668	2,684,107
Selling and marketing expenses	(3,305,809)	(30,846)	(3,336,655)
General and administrative expenses	(3,006,063)	(55,706)	(3,061,769)
Share of profit of investments in joint ventures	323,406	–	323,406
Share of loss of investments in associates	(25,271)	–	(25,271)
Finance costs	<u>(922,933)</u>	<u>(6,656)</u>	<u>(929,589)</u>
Profit before taxation	32,520,271	201,468	32,721,739
Income tax expenses	<u>(13,142,592)</u>	<u>(17,388)</u>	<u>(13,159,980)</u>
Profit for the year	<u>19,377,679</u>	<u>184,080</u>	<u>19,561,759</u>
Profit for the year attributable to:			
Owners of the Company	17,527,459	170,293	17,697,752
Non-controlling interests	<u>1,850,220</u>	<u>13,787</u>	<u>1,864,007</u>
	<u>19,377,679</u>	<u>184,080</u>	<u>19,561,759</u>

1. MERGER ACCOUNTING RESTATEMENT (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements described above on the consolidated statement of comprehensive income for the year ended 31 December 2015 by line items is as follows:

	Year ended 31 December 2015 <i>HK\$'000</i> (Audited and originally stated)	Business combination of entities under common control <i>HK\$'000</i>	Year ended 31 December 2015 <i>HK\$'000</i> (Restated)
Profit for the year	19,377,679	184,080	19,561,759
Other comprehensive income <i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange loss arising on translation to presentation currency	(10,733,428)	(216,303)	(10,949,731)
Reversal of translation reserve on disposal of a subsidiary	100,360	–	100,360
	<u>(10,633,068)</u>	<u>(216,303)</u>	<u>(10,849,371)</u>
Total comprehensive income for the year	<u>8,744,611</u>	<u>(32,223)</u>	<u>8,712,388</u>
Total comprehensive income attributable to:			
Owners of the Company	8,239,970	(19,966)	8,220,004
Non-controlling interests	504,641	(12,257)	492,384
	<u>8,744,611</u>	<u>(32,223)</u>	<u>8,712,388</u>

1. MERGER ACCOUNTING RESTATEMENT (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements on the consolidated statement of financial position as at 1 January 2015 is as follows:

	1 January 2015 <i>HK\$'000</i> (Audited and originally stated)	Business combination of entities under common control <i>HK\$'000</i>	1 January 2015 <i>HK\$'000</i> (Restated)
Non-current assets			
Property, plant and equipment	6,960,903	41,429	7,002,332
Investment properties	79,239,669	1,162,891	80,402,560
Land use rights	2,239,020	310,863	2,549,883
Investments in joint ventures	3,542,441	–	3,542,441
Investments in associates	8,617	116,352	124,969
Available-for-sale investments	191,093	–	191,093
Prepayments for non-current assets	744,205	1,437	745,642
Deferred taxation assets	475,690	11,886	487,576
Amount due from a non-controlling interest	400,290	–	400,290
	93,801,928	1,644,858	95,446,786
Current assets			
Properties for sale	186,402,200	4,547,173	190,949,373
Other inventories	609,430	–	609,430
Trade receivables, other receivables, prepayments and deposits	27,589,815	46,649	27,636,464
Amounts due from customers for contract works	268,119	–	268,119
Amounts due from intermediate holding companies	597,460	–	597,460
Amounts due from fellow subsidiaries	64,466	19,292	83,758
Amounts due from joint ventures	3,161,470	–	3,161,470
Amounts due from associates	1,510,871	455,475	1,966,346
Amounts due from non-controlling interests	319,366	–	319,366
Prepaid taxation	3,096,503	18,302	3,114,805
Cash and bank balances	44,857,414	485,872	45,343,286
	268,477,114	5,572,763	274,049,877

1. MERGER ACCOUNTING RESTATEMENT (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements on the consolidated statement of financial position as at 1 January 2015 is as follows: (Continued)

	1 January 2015 <i>HK\$'000</i> (Audited and originally stated)	Business combination of entities under common control <i>HK\$'000</i>	1 January 2015 <i>HK\$'000</i> (Restated)
Current liabilities			
Trade and other payables	45,683,227	612,588	46,295,815
Advances received from pre-sales of properties	81,497,431	405,563	81,902,994
Amounts due to customers for contract works	99,437	–	99,437
Amount due to the ultimate holding company	117	–	117
Amounts due to intermediate holding companies	782,578	2,876,118	3,658,696
Amounts due to fellow subsidiaries	2,253,964	2,137,754	4,391,718
Amounts due to joint ventures	582,117	–	582,117
Amounts due to non-controlling interests	3,066,587	–	3,066,587
Taxation payable	9,267,166	41,806	9,308,972
Bank and other borrowings — due within one year	21,218,979	107,890	21,326,869
	<u>164,451,603</u>	<u>6,181,719</u>	<u>170,633,322</u>
Net current assets (liabilities)	<u>104,025,511</u>	<u>(608,956)</u>	<u>103,416,555</u>
Total assets less current liabilities	<u>197,827,439</u>	<u>1,035,902</u>	<u>198,863,341</u>
Equity			
Share capital	583,122	–	583,122
Reserves	105,048,121	627,788	105,675,909
Equity attributable to owners of the Company	105,631,243	627,788	106,259,031
Non-controlling interests	11,491,779	67,829	11,559,608
	<u>117,123,022</u>	<u>695,617</u>	<u>117,818,639</u>
Non-current liabilities			
Bank and other borrowings			
— due after one year	44,568,365	8,113	44,576,478
Senior notes — due after one year	23,113,386	–	23,113,386
Amount due to an intermediate holding company	1,589,342	155,729	1,745,071
Amount due to a fellow subsidiary	76,058	–	76,058
Amounts due to non-controlling interests	1,433,261	–	1,433,261
Deferred taxation liabilities	9,924,005	176,443	10,100,448
	<u>80,704,417</u>	<u>340,285</u>	<u>81,044,702</u>
Total of equity and non-current liabilities	<u>197,827,439</u>	<u>1,035,902</u>	<u>198,863,341</u>

1. MERGER ACCOUNTING RESTATEMENT (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The financial effect of the restatements to the Group's equity on 1 January 2015 is summarised below:

	1 January 2015 <i>HK\$'000</i> (Audited and originally stated)	Business combination of entities under common control <i>HK\$'000</i>	1 January 2015 <i>HK\$'000</i> (Restated)
Share capital	583,122	–	583,122
Share premium	35,531,314	–	35,531,314
Translation reserve	11,946,668	90,336	12,037,004
Other reserves	3,981,684	–	3,981,684
Retained profits	53,588,455	537,452	54,125,907
Non-controlling interests	11,491,779	67,829	11,559,608
	<u>117,123,022</u>	<u>695,617</u>	<u>117,818,639</u>

The effect of restatements on the consolidated statement of financial position as at 31 December 2015 is as follows:

	31 December 2015 <i>HK\$'000</i> (Audited and originally stated)	Business combination of entities under common control <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i> (Restated)
Non-current assets			
Property, plant and equipment	7,159,369	47,435	7,206,804
Investment properties	88,319,071	1,230,825	89,549,896
Land use rights	2,097,459	284,926	2,382,385
Investments in joint ventures	4,234,510	–	4,234,510
Investments in associates	6,292,824	–	6,292,824
Available-for-sale investments	13,075	–	13,075
Prepayments for non-current assets	299,387	1,437	300,824
Deferred taxation assets	691,596	14,317	705,913
Amount due from a non-controlling interest	474,435	–	474,435
Amount due from a joint venture	985,946	–	985,946
	<u>110,567,672</u>	<u>1,578,940</u>	<u>112,146,612</u>
Current assets			
Properties for sale	188,339,658	4,763,332	193,102,990
Other inventories	626,188	–	626,188
Trade receivables, other receivables, prepayments and deposits	27,563,986	103,001	27,666,987
Amounts due from customers for contract works	330,086	–	330,086
Amounts due from intermediate holding companies	13,008	728,114	741,122
Amounts due from fellow subsidiaries	99,474	14,973	114,447
Amounts due from joint ventures	4,628,693	–	4,628,693
Amounts due from associates	6,707,495	–	6,707,495
Amounts due from non-controlling interests	1,089,412	–	1,089,412
Prepaid taxation	3,394,781	9,462	3,404,243
Cash and bank balances	45,874,885	1,183,147	47,058,032
	<u>278,667,666</u>	<u>6,802,029</u>	<u>285,469,695</u>

1. MERGER ACCOUNTING RESTATEMENT (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The effect of restatements on the consolidated statement of financial position as at 31 December 2015 is as follows: (Continued)

	31 December 2015 <i>HK\$'000</i> (Audited and originally stated)	Business combination of entities under common control <i>HK\$'000</i>	31 December 2015 <i>HK\$'000</i> (Restated)
Current liabilities			
Trade and other payables	51,373,234	819,278	52,192,512
Advances received from pre-sales of properties	96,258,522	57,970	96,316,492
Amounts due to customers for contract works	162,059	–	162,059
Amount due to the ultimate holding company	110	–	110
Amounts due to intermediate holding companies	–	3,033,776	3,033,776
Amounts due to fellow subsidiaries	4,976,166	2,225,746	7,201,912
Amounts due to joint ventures	607,066	–	607,066
Amounts due to associates	168,602	–	168,602
Amounts due to non-controlling interests	5,070,745	–	5,070,745
Taxation payable	9,951,120	27,631	9,978,751
Bank and other borrowings — due within one year	6,369,155	47,149	6,416,304
Senior notes — due within one year	7,773,576	–	7,773,576
	<u>182,710,355</u>	<u>6,211,550</u>	<u>188,921,905</u>
Net current assets	<u>95,957,311</u>	<u>590,479</u>	<u>96,547,790</u>
Total assets less current liabilities	<u>206,524,983</u>	<u>2,169,419</u>	<u>208,694,402</u>
Equity			
Share capital	693,094	–	693,094
Reserves	114,272,681	607,822	114,880,503
Equity attributable to owners of the Company	114,965,775	607,822	115,573,597
Non-controlling interests	16,858,423	55,572	16,913,995
	<u>131,824,198</u>	<u>663,394</u>	<u>132,487,592</u>
Non-current liabilities			
Bank and other borrowings			
— due after one year	46,665,670	847,478	47,513,148
Senior notes — due after one year	15,341,724	–	15,341,724
Long term payables	–	16,361	16,361
Amount due to an intermediate holding company	–	470,273	470,273
Amount due to an associate	202,917	–	202,917
Amounts due to non-controlling interests	1,293,381	–	1,293,381
Deferred taxation liabilities	11,197,093	171,913	11,369,006
	<u>74,700,785</u>	<u>1,506,025</u>	<u>76,206,810</u>
Total of equity and non-current liabilities	<u>206,524,983</u>	<u>2,169,419</u>	<u>208,694,402</u>

1. MERGER ACCOUNTING RESTATEMENT (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The effect of the restatement on the Group's basic and diluted earnings per share for the year ended 31 December 2015 is as follow:

Impact on basic earnings per share

	For the year ended 31 December 2015 <i>HK cents</i>
As audited and originally stated	259.2
Adjustments arising from business combination under common control	2.5
	<hr/>
Restated	261.7
	<hr/> <hr/>

Impact on diluted earnings per share

	For the year ended 31 December 2015 <i>HK cents</i>
As audited and originally stated	259.1
Adjustments arising from business combination under common control	2.5
	<hr/>
Restated	261.6
	<hr/> <hr/>

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and certain financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group.

3. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

- (a) In the current year, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The application of the 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.

- (b) The Group has not early applied any new and revised HKFRSs that have been issued but not yet effective.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers (“CODM”) of the Group, was specifically focused on the segments of development properties for sale, property investments and management, hotel operations and construction, decoration services and others for the purpose of resource allocation and performance assessment. These divisions are the basis on which the Group reports its segment information under HKFRS 8 *Operating Segments*.

Segment results represent the profit earned or loss incurred before taxation by each segment without allocation of income or expenses which are not recurring in nature or unrelated to the CODM’s assessment of the Group’s operating performance, e.g. gain on changes in fair value of investment properties, central administration costs, share of profit of investments in joint ventures and associates and finance costs. Segment revenues and results are the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments.

Year ended 31 December 2016

	Development properties for sale <i>HK\$'000</i>	Property investments and management <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Construction, decoration services and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	<u>98,727,260</u>	<u>6,266,831</u>	<u>985,345</u>	<u>3,348,091</u>	<u>109,327,527</u>
Result					
Segment results	<u>29,421,037</u>	<u>2,626,581</u>	<u>(196,175)</u>	<u>(112,027)</u>	31,739,416
Unallocated other income					2,588,792
Gain on changes in fair value of investment properties					4,830,649
Unallocated expenses					(1,178,855)
Share of profit of investments in joint ventures					618,180
Share of loss of investments in associates					(17,572)
Finance costs					<u>(193,318)</u>
Profit before taxation					<u>38,387,292</u>

4. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (continued)

Year ended 31 December 2015 (restated)

	Development properties for sale <i>HK\$'000</i>	Property investments and management <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Construction, decoration services and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue					
External sales	<u>94,018,840</u>	<u>5,715,816</u>	<u>969,134</u>	<u>3,202,485</u>	<u>103,906,275</u>
Result					
Segment results	<u>24,693,965</u>	<u>2,344,874</u>	<u>(49,410)</u>	<u>(67,908)</u>	26,921,521
Unallocated other income					2,684,107
Gain on changes in fair value of investment properties					4,722,778
Unallocated expenses					(975,213)
Share of profit of investments in joint ventures					323,406
Share of loss of investments in associates					(25,271)
Finance costs					<u>(929,589)</u>
Profit before taxation					<u>32,721,739</u>

5. FINANCE COSTS

	<u>Year ended 31 December</u>	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Total interests on bank borrowings, other borrowings, senior notes and medium-term notes	(4,412,707)	(4,229,294)
Total bank charges	(210,398)	(222,559)
Less: Amount capitalised in properties under development for sale, investment properties under development and construction in progress	<u>3,171,180</u>	<u>3,265,887</u>
	(1,451,925)	(1,185,966)
Exchange gain	<u>1,258,607</u>	<u>256,377</u>
	<u>(193,318)</u>	<u>(929,589)</u>

6. INCOME TAX EXPENSES

	Year ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
		(Restated)
The income tax expenses comprise of:		
Hong Kong Profits Tax	(171)	(358)
PRC Enterprise Income Tax (“EIT”) and withholding income tax	(10,807,134)	(5,840,097)
PRC Land Appreciation Tax (“LAT”)	(6,631,418)	(5,734,955)
Deferred taxation	1,550,575	(1,584,570)
	<u>(15,888,148)</u>	<u>(13,159,980)</u>

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits.

(b) EIT

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiaries is 25% from 1 January 2008 onwards.

(c) PRC withholding income tax

PRC withholding income tax of 10% shall be levied on the dividends declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

(d) LAT

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

(e) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company’s subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

7. PROFIT FOR THE YEAR

Year ended 31 December	
2016	2015
HK\$'000	HK\$'000

(Restated)

Profit for the year has been arrived at after charging the following items:

Depreciation of property, plant and equipment	475,934	432,125
Amortisation of land use rights	27,330	25,589
	<u>475,934</u>	<u>432,125</u>

8. DIVIDENDS

Year ended 31 December	
2016	2015
HK\$'000	HK\$'000

2016 interim dividend, HK9.2 cents (2015: HK8.7 cents) per ordinary share	637,646	599,534
2016 final dividend, proposed, of HK61.2 cents (2015: HK48.7 cents) per ordinary share (<i>Note</i>)	4,241,735	3,375,368
	<u>4,879,381</u>	<u>3,974,902</u>

Note:

At a meeting held by the Board on 22 March 2017, the Board proposed a final dividend in respect of the year ended 31 December 2016 of HK61.2 cents per ordinary share of the Company, totalling approximately HK\$4,241,735,000 based on the latest number of ordinary shares of 6,930,939,579 shares of the Company in issue. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as a profit appropriation in the consolidated financial statements of the Company for the year ending 31 December 2017.

A final dividend for the year ended 31 December 2015 of HK48.7 cents per ordinary share, totalling approximately HK\$3,375,368,000 had been approved in the Company's Annual General Meeting on 3 June 2016 and paid during the year.

9. 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:

	Year ended 31 December	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	19,500,880	17,697,752
	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,930,939,579	6,762,139,237
Effect of dilutive potential ordinary shares on share options	–	2,303,920
Weighted average number of ordinary shares for the purpose of diluted earnings per share	6,930,939,579	6,764,443,157

No diluted earnings per share is presented for the year ended 31 December 2016 as there were no potential ordinary shares outstanding.

10. TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	31.12.2016 <i>HK\$'000</i>	31.12.2015 <i>HK\$'000</i> (Restated)	1.1.2015 <i>HK\$'000</i> (Restated)
Trade and bills receivables (<i>Note a</i>)	1,504,972	883,805	702,247
Less: allowance for doubtful debts (<i>Note a</i>)	(107,073)	(116,611)	(125,185)
	1,397,899	767,194	577,062
Prepayments for acquisition of land use rights (<i>Note b</i>)	18,713,754	6,768,362	12,846,755
Other receivables	15,783,985	13,112,678	9,795,634
Less: allowance for doubtful debts	(367,611)	(392,504)	(508,453)
	15,416,374	12,720,174	9,287,181
Prepayments and deposits	8,763,336	7,411,257	4,925,466
	44,291,363	27,666,987	27,636,464

**10. TRADE RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS
(CONTINUED)**

Notes:

(a) Trade and bills receivables

Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balance within 30 days as specified in the sales and purchase agreements or not granted with any credit period.

Except for the proceeds receivable from sale of properties, rental income from lease of properties and proceeds from construction contracts which are payable in accordance with the terms of the relevant agreements, the Group generally allows a credit period of not exceeding 45 days to its customers.

The following is an aging analysis of trade and bills receivables (net of allowance of doubtful debts based on the date of the properties delivered and sales were recognised) at the end of the reporting period:

	31.12.2016 <i>HK\$'000</i>	31.12.2015 <i>HK\$'000</i> (Restated)	1.1.2015 <i>HK\$'000</i> (Restated)
0–30 days	584,380	329,417	186,740
31–60 days	103,256	93,689	33,150
61–90 days	75,054	56,670	92,610
91–180 days	258,768	84,126	69,603
181–365 days	136,997	66,492	90,680
Over 1 year	239,444	136,800	104,279
	<u>1,397,899</u>	<u>767,194</u>	<u>577,062</u>

(b) Prepayments for acquisition of land use rights

The amount represents the prepayments made by the Group for the acquisition of land use rights in the PRC for property development for sale. The land use right certificates have not yet been obtained by the Group at the end of the reporting period.

11. TRADE AND OTHER PAYABLES

	31.12.2016 <i>HK\$'000</i>	31.12.2015 <i>HK\$'000</i> (Restated)	1.1.2015 <i>HK\$'000</i> (Restated)
Trade payables (<i>Notes a and b</i>)	41,624,329	37,671,411	36,062,760
Other payables (<i>Note c</i>)	17,021,080	14,521,101	10,233,055
	<u>58,645,409</u>	<u>52,192,512</u>	<u>46,295,815</u>

Notes:

- (a) The average credit period of trade payables ranges from 30 to 60 days.
- (b) The following is an aging analysis of trade payables at the end of the reporting period based on the invoice date:

	31.12.2016 <i>HK\$'000</i>	31.12.2015 <i>HK\$'000</i> (Restated)	1.1.2015 <i>HK\$'000</i> (Restated)
0–30 days	15,466,019	14,566,274	16,880,866
31–60 days	1,244,515	1,080,850	1,254,378
61–90 days	727,659	822,866	757,053
91–180 days	2,770,865	3,865,978	3,574,498
181–365 days	12,396,465	6,906,086	6,639,104
Over 1 year	9,018,806	10,429,357	6,956,861
	<u>41,624,329</u>	<u>37,671,411</u>	<u>36,062,760</u>

- (c) Amounts mainly include receipt in advance, other taxes payable, temporary receipts and accrued salaries.

FOREWORD

In Year 2016, amid the backdrop of “city by city specific de-stocking” policy, together with supporting factors including loosened monetary conditions, cyclical supply demand mismatch and rising land price, average selling price (“ASP”) of properties in hot tier one and two cities shot up during the first three quarters and gradually stabilized in the fourth quarter when the government tightened policies on home purchases and mortgage to curb investment and speculative demand. As for investment property, the national retail sales of consumer goods remained stable growth, thanks to the government’s active promotion on retail innovation and consumption upgrade, while the shopping center competition remained fierce. Benefited from the Group’s visionary strategy of focusing on core cities and customer’s growing recognition of its brand name, the Group seized the market opportunity during the year and successfully beat annual performance target, achieved substantial growth in contracted sales and contracted ASP, while maintained steady growth in revenue and profit attributable to the owners.

Results Review

In Year 2016, the Group achieved a total consolidated revenue of HK\$109.33 billion, representing a year-on-year (“YoY”) growth of 5.2%; core net profit attributable to the owners of the Company excluding revaluation gain from investment properties reached HK\$16.27 billion, up 13.9% YoY; profit attributable to the owners of the Company including revaluation gain from investment properties increased by 10.2% YoY to HK\$19.50 billion. The Group’s earnings per share achieved HK281.4 cents, up 7.5% YoY, while core net earnings per share increased by 11.1% YoY to HK234.8 cents. As of 31 December 2016, the net asset per share increased by 0.7% YoY to HK\$16.80.

The Board recommended the payment of a final dividend of HK61.2 cents per share for the year ended 31 December 2016, representing an increase of 25.7% over that of Year 2015.

Development Property

Committed to provide high quality residential property and premium services to customers, the Group maintained mid to high-end product positioning. Benefit from its accurate projection of industry cycle, proactive market penetration in tier one and two cities in recent years as well as professional operation management, the Group realized HK\$98.73 billion revenue from development property, representing a YoY growth of 5.0%, with gross profit margin at 32.3% in Year 2016.

In Year 2016, China’s property market transaction volume hit record high with contracted sales of RMB11.76 trillion and contracted gross floor area (“GFA”) of 1,573 million square meters, up 34.8% and 22.5% YoY respectively (data source: National Bureau of Statistics of China). With rapid adaption to industry recovery during first three quarters, the Group achieved contracted sales of RMB108.04 billion with a contracted GFA of 7.76 million square meters, up 26.9% and 14.8% YoY respectively.

Investment Property

China's total retail sales of consumer goods in Year 2016 amounted to RMB33.23 trillion, up 10.4% YoY (data source: National Bureau of Statistics of China). In Year 2016, the rental income of the Group's investment properties (including hotel operations) increased by 8.5% YoY to HK\$7.25 billion. As at 31 December 2016, total GFA of the Group's operational investment properties reached 5.55 million square meters, including 12 Mixc, 8 Hi5/Mixc One and 2 other shopping malls. The Group's scale of retail properties is among the market leaders.

During the Year 2016, Wenzhou Mixc and Rizhao Mixc One commenced operation successively, and achieved an average opening rate of 94.9% on the grand opening day, outperforming the market average. Facing the intensifying competitive dynamics in shopping mall sector, the Group responded quickly and further improved its management expertise in following aspects: identifying customers' needs and expectations, optimizing tenant mix, innovating business model by fostering "shopping mall + internet" ecosystem, improving customer experience, strengthening customer loyalty and boosting vigor of shopping malls. In Year 2016, the Group piloted its official mobile interactive app "e-Mixc" in its shopping malls, with the number of users doubling each month on a month-on-month basis and daily active users rate reached more than 8%. The newly introduced mobile app was highly acclaimed by tenants and customers as it has effectively activated members' vitality, improved mall services and customer experience, and promoted tenants sales. During the year, the performance of the Group's shopping malls saw a steady growth, with retail sales continued to lead the market.

For hotel business, the Group maintained a prudent investment policy, focusing on high-end market. Based on precise market positioning, product innovation and craftsmanship, the Group opened three hotels in Year 2016 and achieved notable growth. During the year, the grand opening of Park Hyatt Hangzhou, Le Méridien Huizhou and Zibo Sheraton Hotel were highly valued by customers, media and peers. Meanwhile, the Group practiced sustainable development philosophy by promoting green building and costs control. During the Year 2016, Shenzhen Grand Hyatt Hotel, Shenyang Grand Hyatt Hotel and Dalian Grand Hyatt Hotel completed energy-saving renovation.

Land Bank

In Year 2016, declined land supply in tier 1 and hot tier 2 cities plus developers' stronger cash flow position led to fiercer land market competition and sharp land price appreciation. Adopting active yet prudent principle, the Group replenished quality land parcels by tracking closely to the open land market with a focus in its core strategic tier 1 and 2 cities. Meanwhile, the Group further diversified its land acquisition channels with mergers and acquisitions, urban redevelopment projects and outsourcing services.

Apart from the assets acquired from CRH, the Group acquired 39 land parcels with a total land premium of RMB62.6 billion (of which attributable land premium was RMB47.2 billion) in Year 2016. Total GFA acquired reached 10.52 million square meters, of which 9.67 million square meters were for development properties and 0.85 million square meters were for investment properties.

As of 31 December 2016, the Group has expanded its geographical presence to 56 cities nationwide, with a total land bank GFA of 44.85 million square meters, of which 38.08 million square meters were for development properties, and 6.77 million square meters were for investment properties. The percentage of total land bank GFA in tier 1 and 2 cities reached 75%. The Group's land bank scale is sufficient for three to five year development, the geographical mix as well as the high quality of its land bank match well with the Group's business model.

Financial Policy

The Group adheres to its prudent financial policies. As of 31 December 2016, total interest-bearing debt and net interest-bearing debt ratios remained at relatively low levels in the sector at 36.4%, slightly lower than that of 36.8% by 2015 year-end and 23.8% respectively. During the year, Standard and Poor's, Moody's and Fitch maintained the Company's credit ratings at "BBB+/stable", "Baa1/stable" and "BBB+/stable" respectively. The solid financial position facilitates the Group with diversified funding channels at low cost.

During Year 2016, the Group increased its onshore RMB borrowings by issuing medium term notes ("MTN"), the first such issuance by overseas entity in real estate sector in China's bond market and also the largest single issuance of MTN to date. The Group has increased the RMB denominated portion in total interest bearing debt, which has lowered the Group's exposure to exchange rate risk while maintained its financing cost advantage.

Environment, Social and Governance

The Group takes social responsibility as an inevitable part of its development strategy, and upholds values of "being honest and trustworthy, performance-oriented, customer focus and reciprocation with gratitude", and is determined to create a better life together with various stakeholders.

Proactively Fulfill Environmental, Social and Governance Responsibilities

The Group takes proactive responsibilities in environmental, social and governance subject areas, while making efforts to deliver performance growth. Relating to environmental subject area, the Group integrates environmental protection into its project development and business operations to mitigate negative impacts on environment through measures including emissions control, efficient use of energy and resources, as well as environmental friendly materials and low-carbon equipment applications. In Year 2016, 28 real estate projects of the Group obtained green building certifications from domestic and international institutions. Relating to social subject area, the Group attaches great importance to following aspects: products and services quality assurance, supply chain responsibility promotion, anti-corruption, intellectual property rights protection, customer privacy protection, community engagement and investment, healthy and safe working environment provision for employees as well as employees' occupational growth and development. In this connection thereof, the Group has established and implemented a series of environmental, social and governance policies, with an aim to achieve long-term sustainable development.

Initiative Information Disclosure and Stakeholder Communications

In compliance with disclosure responsibilities, the Group has published social responsibility report (the “ESR Report”) on an annual basis for three consecutive years, and also encouraged its various regions and business units to disclosure independent ESR Report, with an ultimate aim to “enhance management through report editing”. Consequently, the Group won the “Five Star Social Responsibility Report’ and the “Golden Bull Award — Best Integrity Report Award” granted by Chinese Academy of Social Sciences. For year 2016, the Group will publish its first sustainable development report (the “ESG Report”) in compliance with the Hong Kong Stock Exchange’s “Environmental, Social and Governance Reporting Guide”. Thinking highly of the views from various stakeholders, the Group has conducted a series of surveys through questionnaires and interviews with government agencies, investors, business partners, customers, employees, suppliers, industry associations and other key stakeholders covering topics from the Group’s environmental, social to governance issues during the process of the ESG Report edition. And the surveys’ results will form a solid foundation to the first ESG Report.

For more information about the Group’s environmental, social and governance information for the financial year of 2016, please refer to the Group’s forthcoming first ESG Report, which can be viewed or downloaded from the Company’s official website after publishing.

Outlook

Looking into 2017, the Group expects China’s economy to maintain steady growth despite complex international political environment and moderately tightened monetary policies. Real estate policy will focus on the living nature of property, while local governments will continue to implement city specific measures. Supply-demand relationship in hot tier 1 and 2 cities is going to see a cyclical adjustment.

Four shopping malls (Shenzhen Mix World, Shanghai Mixc, Xi’an Mixc One and Taizhou Mixc) are expected to open in 2017. While the Group steadily builds up its commercial property portfolio, it seeks to explore tenant mix innovation, enhance customers’ shopping experiences and improve services in order to maintain its competitive advantages in the industry.

Under “development property + investment property + X” business model, the Group continues to strengthen its core business competence, while exploring earnings diversification from property management, senior housing, overseas investment and urban transportation infrastructure in response to the ever-changing market conditions.

The Group will continue to follow its business philosophy of “better quality, better city”, keep an open mindset, dare to explore and pioneer, adhere to precise investment with diversified land acquisition and consolidation channels. It will continue to expand the business scale, enhance professional management, improve operational capacity, and provide high-quality products and services to customers. At the same time, the Group will explore business innovations for new profit drivers while enhance its competitiveness in order to achieve stable earnings growth.

MANAGEMENT DISCUSSION AND ANALYSIS

In Year 2016, the Group's development property and investment property both maintained stable momentum and achieved satisfactory results, contracted sales performance and construction progress of projects were in line with management's expectations, laying a solid foundation for 2017.

Review of Development Property Contracted Sales in Year 2016

In Year 2016, the Group achieved contracted sales of RMB108.04 billion with contracted GFA of 7.76 million square meters, up 26.9% and 14.8% YoY respectively.

The Group's contracted sales breakdown by region in Year 2016 is set out in the table below:

Region	Contracted Sales		Contracted GFA	
	RMB'000	%	Sq.m.	%
North China Region	29,572,667	27.4%	1,785,200	23.0%
East China Region	22,821,970	21.1%	1,436,764	18.5%
South China Region	25,936,927	24.0%	953,733	12.3%
West China Region	11,244,256	10.4%	1,381,805	17.8%
Northeast China Region	10,713,189	9.9%	1,229,075	15.8%
Central China Region	7,439,673	6.9%	958,012	12.4%
Others	315,952	0.3%	14,863	0.2%
Total	108,044,634	100.0%	7,759,452	100.0%

Review of Development Property Revenue in Year 2016

In Year 2016, the Group achieved development property revenue of HK\$98.73 billion with booked GFA of 7.33 million square meters, representing a YoY growth of 5.0% and 3.7% respectively. Gross profit margin of development property reached 32.3% in Year 2016, expanded from 30.0% in Year 2015.

The Group's revenue breakdown by region in Year 2016 is listed below:

Region	Revenue <i>HK\$'000</i>	GFA Booked <i>Sq.m.</i>
North China Region	16,545,970	1,127,352
East China Region	27,786,000	1,836,563
South China Region	25,288,235	1,084,118
West China Region	9,618,753	1,081,727
Northeast China Region	13,184,946	1,424,410
Central China Region	5,980,384	756,847
Others	322,972	14,837
Total	98,727,260	7,325,854

As of 31 December 2016, the Group has locked in unbooked contracted sales of RMB99.33 billion that are subject to recognition as development property revenue in 2017 and years to come, among which RMB54.66 billion will be recognized in 2017, laying a solid foundation for the Group's 2017 full year results.

Review of Investment Property Business in Year 2016

As of 31 December 2016, the book value of the investment properties of the Group amounted to HK\$95.14 billion, accounting for 22.3% of the Group's total assets value. In compliance with accounting policies, the Group engaged an independent appraiser to revalue its investment properties, including those under construction, and a revaluation gain of HK\$3.23 billion (net of taxation and minority interests) was booked in Year 2016 based on the appraisal report. In Year 2016, rental income of investment properties, including hotel operation, amounted to HK\$7.25 billion, representing a 8.5% YoY growth.

The following table sets out the details of the Group's rental income and occupancy rates of key investment properties in Year 2016:

Investment Property	Opening Date	Revenue (HK\$'000)			Avg. Occupancy Rate (%)		
		2016	2015	%YoY	2016	2015	Pt YoY
Shenzhen Mixc	19/12/2004	986,415	1,050,494	-6.1%	98.8%	99.4%	-0.6
Hangzhou Mixc	22/04/2010	508,155	488,284	4.1%	91.3%	87.5%	3.8
Shenyang Mixc	15/05/2011	506,761	420,122	20.6%	98.0%	95.1%	2.9
Chengdu Mixc	11/05/2012	245,252	246,213	-0.4%	93.1%	96.7%	-3.6
Nanning Mixc	01/09/2012	498,022	487,060	2.3%	99.7%	98.9%	0.8
Zhengzhou Mixc	19/04/2014	78,628	137,319	-42.7%	86.8%	92.9%	-6.1
Chongqing Mixc	19/09/2014	233,774	195,230	19.7%	93.9%	91.4%	2.5
Wuxi Mixc	20/12/2014	116,635	124,250	-6.1%	78.0%	77.3%	0.7
Qingdao Mixc	30/04/2015	272,250	224,423	21.3%	82.8%	83.0%	-0.2
Hefei Mixc	25/09/2015	176,172	60,124	193.0%	95.5%	89.8%	5.7
Ganzhou Mixc	19/09/2015	113,383	50,257	125.6%	96.1%	95.0%	1.1
Wenzhou Mixc	30/04/2016	127,851	-	N/A	82.8%	N/A	N/A
Shanghai Times Square Commercial	18/01/1997	117,632	115,784	1.6%	79.6%	88.0%	-8.4
Beijing Phoenix Plaza Commercial	01/02/2010	105,026	106,989	-1.8%	96.4%	97.2%	-0.8
Beijing Qinghe Hi5	28/06/2011	280,129	262,790	6.6%	99.7%	100.0%	-0.3
Hefei Shushan Hi5	01/05/2014	32,875	30,548	7.6%	98.8%	96.1%	2.7
Ningbo Yuyao Hi5	28/06/2014	62,309	60,249	3.4%	92.0%	90.2%	1.8
Shanghai Nanxiang Hi5	25/10/2014	38,374	39,730	-3.4%	99.2%	98.1%	1.1
Shandong Zibo Mixc One	27/05/2015	113,637	80,182	41.7%	87.8%	84.5%	3.3
Shenyang Tiexi Mixc One	30/09/2015	133,882	28,033	377.6%	92.8%	86.5%	6.3
Changsha Xingsha Mixc One	28/11/2015	46,985	11,487	309.0%	99.4%	100.0%	-0.6
Rizhao Mixc One	26/09/2016	15,496	-	N/A	100.0%	N/A	N/A
Beijing CR Building	18/06/1999	236,284	228,340	3.5%	96.6%	88.7%	7.9
Shenzhen CR Building	09/12/2004	160,786	163,169	-1.5%	100.0%	98.9%	1.1
Shenyang CR Building	09/05/2011	101,922	107,930	-5.6%	92.3%	90.4%	1.9
Chengdu CR Building	20/04/2012	67,324	65,288	3.1%	86.1%	73.0%	13.1
Nanning CR Building	06/06/2012	30,952	25,701	20.4%	81.6%	80.1%	1.5
Hangzhou CR Building	23/03/2015	34,910	4,713	640.7%	44.6%	15.0%	29.6
Shanghai Times Square Office	01/07/1997	124,681	121,460	2.7%	93.1%	96.7%	-3.6
Beijing Phoenix Plaza Office	01/12/2011	334,987	351,595	-4.7%	94.2%	92.2%	2.0
Beijing Qinghe Hi5 Office	25/02/2013	22,367	24,188	-7.5%	100.0%	100.0%	-
Others	N/A	342,975	403,864	-15.1%	N/A	N/A	N/A
Shenzhen Grand Hyatt Hotel	01/07/2010	458,641	502,375	-8.7%	79.7%	74.4%	5.3
Shimei Bay Le Meridien Hotel	01/11/2008	66,079	66,112	0.0%	37.9%	35.9%	2.0
Shenyang Grand Hyatt Hotel	30/08/2013	219,378	230,719	-4.9%	67.7%	68.5%	-0.8
Dalian Grand Hyatt Hotel	12/09/2014	196,906	169,928	15.9%	49.8%	42.1%	7.7
Huizhou Le Meridien Hotel	30/09/2016	8,409	-	N/A	16.1%	N/A	N/A
Zibo Sheraton Hotel	07/10/2016	15,181	-	N/A	50.8%	N/A	N/A
Hangzhou Park Hyatt Hotel	28/09/2016	20,751	-	N/A	21.5%	N/A	N/A
Total		7,252,176	6,684,950	8.5%	N/A	N/A	N/A

Details of the Group's key investment properties opened in Year 2016 are listed below:

Investment Property	City	Interest Attributable to the Group (%)	Total GFA (Sq.m.)	Attributable GFA (Sq.m.)
Wenzhou Mixc	Wenzhou	51%	250,019	127,509
The Mixc			155,893	79,505
Car Park			94,126	48,004
Rizhao Mixc One	Rizhao	100%	137,697	137,697
The Mixc One			94,354	94,354
Car Park			43,343	43,343
Huizhou Le Meridien Hotel	Huizhou	65%	66,712	43,363
Hotel			62,703	40,757
Car park			4,009	2,606
Zibo Sheraton Hotel	Zibo	100%	42,709	42,709
Hangzhou Park Hyatt Hotel	Hangzhou	60%	46,030	27,618
Total GFA			543,167	378,896
Comprising: Commercial			250,247	173,859
Hotel			151,442	111,084
Car park			141,478	93,953

As of 31 December 2016, the Group's investment properties in operation achieved 5.55 million square meters in total GFA, plus another 6.77 million square meters GFA under construction or planning, details of which are set out below:

	Investment Properties in Operation		Investment Properties Under Construction or Planning	
	Total GFA (Sq.m.)	Attributable GFA (Sq.m.)	Total GFA (Sq.m.)	Attributable GFA (Sq.m.)
Total GFA	5,548,816	4,841,766	6,766,105	5,740,411
Comprising: Commercial	3,188,743	2,735,226	4,432,492	3,718,654
Office	407,044	389,919	1,652,235	1,440,399
Hotel	377,151	310,136	574,868	474,848
Others	1,575,878	1,406,485	106,510	106,510

Investment properties, shopping mall in particular, are the Group's key business focus. 2017 and 2018 continue to be the peak years for new openings of the Group's shopping malls. The Group will further improve efficiency in construction and operation to ensure stable rental income growth, and to enhance the Group's unique double-engine competitive edge to strengthen earnings sustainability.

Land Bank

In Year 2016, apart from the assets acquired from CRH, the Group acquired 39 quality land parcels totalling 10.52 million square meters in GFA with a total land premium of RMB62.6 billion (attributable land premium was RMB47.2 billion). As of 31 December 2016, the total GFA of the Group's land bank amounted to 44.85 million square meters. Region breakdown is set out below:

Region	Total GFA <i>(Sq.m.)</i>	Attributable GFA <i>(Sq.m.)</i>
North China Region	8,349,948	7,308,923
East China Region	8,278,200	6,443,710
South China Region	12,011,025	9,085,620
West China Region	7,764,177	7,279,582
Northeast China Region	3,881,062	3,731,475
Central China Region	4,467,027	3,778,112
Others	93,311	61,987
Total	44,844,750	37,689,409

Sufficient land bank further reinforced the foundation for the Group's sustainable growth in the future. As of 31 December 2016, the Group's geographic presence has been extended to 56 cities.

Going forward, while maintaining healthy financial position with an optimal capital structure, the Group will focus on core strategic cities, strictly follow its financial return criteria to replenish quality land bank at low cost through diversified land bank accesses to match its development strategies and business model. Further land bank acquisitions will be funded by the Group's internal resources together with external financing.

Loans, Debt Ratios, Asset Pledge and Foreign Exchange Risk

Benefiting from stable operating cash inflow and prudent financial management, the Group further strengthened its balance sheet in Year 2016 and maintained relatively low debt ratios. As at 31 December 2016, the Group's total debt was HK\$79.8 billion equivalent while its cash and bank balance amounted to HK\$46.7 billion. The Group's net interest-bearing debt to equity ratio (including minority interests) was 23.8%, slightly higher than 22.6% as at the year end of 2015.

The Group continues to strengthen its financial management and optimize its debt profile. On 30 May 2016, the Group completed the issuance of RMB5.0 billion onshore MTN, of which RMB2.0 billion notes shall have a term of 3 years at a coupon rate of 3.2% per annum and RMB3.0 billion notes shall have a term of 5 years at a coupon rate of 3.6% per annum. The Group was the first overseas entity in real estate industry to issue MTN in the China debt market.

As of 31 December 2016, 69% of the Group's interest-bearing debt was denominated in RMB and 31% in HK\$ and US\$. Approximately 15.0% of the interest-bearing debt is repayable within one year while the rest is long term debt. The Group has maintained its borrowing cost at a sector-low level, with the weighted average cost of funding at 4.23% as at 31 December 2016.

In Year 2016, the international credit rating agencies Standard and Poor's, Moody's and Fitch maintained the Company credit ratings at "BBB+/stable", "Baa1/stable" and "BBB+/stable" respectively.

As of 31 December 2016, the Group had total loan facilities of RMB28.9 billion through asset pledge with pledge tenor ranging from 3 to 15 years, and the Group's total balance of asset-pledged loan was RMB15.9 billion (HK\$17.8 billion).

Renminbi exchange rate's two-way volatility may increase as RMB exchange mechanism becomes more market-oriented. Due to the fact that the Group's residential and investment properties all located in Mainland China and its small proportion of foreign currency debt, the Group's foreign exchange risk was well under control despite that RMB depreciated slightly in 2016. As such, the RMB exchange rate's fluctuation will not pose a material impact on the Group's financial position, but the Group will closely monitor its exchange risk exposure and adjust its debt profile when necessary based on market changes.

Employee and Compensation Policy

As of 31 December 2016, the Group had 33,524 full time employees in Mainland China and Hong Kong (including property management and agency subsidiaries). The Group remunerates its employees based on their performance, working experience and market salary levels. In addition, performance bonus is granted on a discretionary basis. Other employee benefits include provident fund, insurance and medical coverage.

Contingent Liabilities

Temporary guarantees are provided to banks with respect to mortgage loans procured by some purchasers of the Group's properties. Such guarantees will be released by banks upon the issuance of the real estate ownership certificate to the purchasers or the satisfaction of mortgaged loan by the purchasers, whichever is earlier. In the opinion of the Board, the fair value of the financial guarantee contracts is not significant.

CORPORATE GOVERNANCE

The Company and the Board are committed to establishing good corporate governance practices and procedures. The Company recognizes the importance of maintaining high standards of corporate governance to the long-term stable development of the Group. The Company has adopted the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year under review, Mr. Tang Yong, vice chairman and executive director of the Company, continues to effectively preside over the daily operations and management of the Board and is responsible for managing the Company's daily operations at the same time. To maintain the operational continuity of the nomination committee, Mr. Wu Xiangdong remained as chairman of the nomination committee after his resignation as chairman of the Company in 2014. The Company believes that the above arrangement does not undermine the effective operation of the Group as a whole. The Company will review the condition of the Board and each board committee to maintain the quality of the Board and the Company's business operation.

Besides, in Year 2016, there was no change to the members of the Board, and no meeting was convened by the nomination committee to review the structure, size and composition of the Board.

Save for the above arrangements, the Company has complied with the code provisions set out in CG Code for the period from 1 January 2016 to 31 December 2016.

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") set out in Appendix 10 to the Listing Rules as code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the year under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during Year 2016.

AUDIT COMMITTEE AND AUDITOR

Final results of Year 2016 have been reviewed by the Audit Committee which comprises four independent non-executive directors and two non-executive directors. The financial information included in this preliminary results announcement for Year 2016 has been agreed by the auditor of the Company.

FINAL DIVIDEND

The Board recommended a final dividend of HK61.2 cents per share for Year 2016 (2015: HK48.7 cents) payable on or about 5 July 2017 to shareholders whose names appear on the Register of Members of the Company on 16 June 2017.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on 2 June 2017, the register of members of the Company will be closed from 29 May 2017 to 2 June 2017 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 26 May 2017.

For determining the entitlement to the proposed final dividend for Year 2016 (subject to approval by the shareholders at the annual general meeting), the register of members of the Company will be closed from 15 June 2017 to 16 June 2017 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the above proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 14 June 2017.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The Company's Year 2016 Annual Report containing the relevant information required by the Listing Rules will be published on the website of the Stock Exchange and the Company (<http://www.crland.com.hk>) in due course.

By Order of the Board
China Resources Land Limited
Tang Yong
Vice Chairman

Hong Kong, 22 March 2017

As at the date of this announcement, the executive Directors are Mr. Wu Xiangdong, Mr. Tang Yong (Vice Chairman) and Mr. Yu Jian; the non-executive Directors are Mr. Yan Biao, Mr. Du Wenmin, Mr. Ding Jiemin, Mr. Wei Bin, Mr. Chen Ying and Mr. Wang Yan; and the independent non-executive Directors are Mr. Wang Shi, Mr. Andrew Y. Yan, Mr. Ho Hin Ngai, Bosco, Mr. Wan Kam To, Peter and Mr. Ma Weihua.