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CIFI Holdings (Group) Co. Ltd.
旭 輝 控 股（集 團）有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00884)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

2016 RESULTS HIGHLIGHTS

- Contracted sales increased by 75.5% to RMB53.00 billion
- Recognized revenue increased by 21.9% to RMB22,224 million
- Core net profit increased by 27.8% to RMB2,824 million
- Gross profit margin and core net profit margin at 25.4% and 12.7% respectively; core return on average equity at 20.3%
- Proposed final dividend of RMB11.50 cents (equivalent to HK13 cents) per share (payable in cash with scrip option) in aggregate with the interim dividend paid of RMB3.42 cents (equivalent to HK4 cents), total dividends of RMB14.92 cents (equivalent to HK17 cents) per share
- Healthy net debt-to-equity ratio of 50.4%, abundant cash on hand of RMB20.7 billion as at 31 December 2016
- Weighted average cost of indebtedness decreased to 5.5% as at 31 December 2016

ANNUAL RESULTS

The Board of Directors (the "Board") of CIFI Holdings (Group) Co. Ltd. (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 with comparative figures for the preceding financial year, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	2016 RMB'000	2015 RMB'000
Revenue	2	**22,224,447**	18,230,788
Cost of sales and services		**(16,578,838)**	(14,087,196)
Gross profit		**5,645,609**	4,143,592
Other income, gains and losses	3	**161,834**	541,660
Change in fair value of investment properties		**(100,433)**	128,100
Selling and marketing expenses		**(524,456)**	(370,910)
Administrative expenses		**(878,878)**	(607,355)
Share of results of joint ventures		**1,007,416**	205,533
Share of results of associates		**55,324**	(32,908)
Finance costs	4	**(529,651)**	(202,885)
Profit before taxation		**4,836,765**	3,804,827
Income tax expense	5	**(1,672,390)**	(1,334,039)
Profit and total comprehensive income for the year	6	**3,164,375**	2,470,788
Attributable to:			
Equity owners of the Company		**2,807,549**	2,095,464
Owners of perpetual capital instruments		**–**	38,030
Other non-controlling interests		**356,826**	337,294
		356,826	375,324
Profit and total comprehensive income for the year		**3,164,375**	2,470,788
Earnings per share, in RMB:			
Basic	8	**0.42**	0.32
Diluted	8	**0.42**	0.32

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

	NOTES	2016 RMB'000	2015 RMB'000
NON-CURRENT ASSETS			
Investment properties		**5,773,100**	5,842,300
Property, plant and equipment		**75,783**	48,604
Prepaid lease payments		**32,742**	32,742
Interests in associates		**1,334,453**	588,620
Interests in joint ventures		**7,504,466**	7,109,797
Investments in property projects		**529,225**	–
Available-for-sale investments		**740,976**	54,023
Derivative financial instruments		**314,768**	–
Deferred taxation assets		**319,795**	286,753
Deposit paid for acquisition of equity interests		**622,213**	–
Long-term deposit		**300,000**	–
		17,547,521	13,962,839
CURRENT ASSETS			
Properties held for sale		**6,829,221**	6,917,170
Properties under development for sale		**21,254,355**	20,167,382
Accounts and other receivables, deposits and prepayments	9	**9,625,149**	5,711,469
Amounts due from non-controlling interests		**2,387,678**	831,339
Amounts due from joint ventures and associates		**4,620,932**	2,593,242
Deposits for land use rights for properties held for sale		**4,373,075**	1,818,236
Taxation recoverable		**812,197**	544,851
Financial assets at fair value through profit or loss ("FVTPL")		**352,829**	–
Pledged bank deposits		**348,855**	31,500
Bank balances and cash		**20,328,397**	14,873,736
		70,932,688	53,488,925
CURRENT LIABILITIES			
Accounts and other payables, and accrued charges	10	**7,854,327**	7,319,089
Deposits received from property sales		**15,391,289**	10,396,275
Amounts due to non-controlling interests		**965,649**	995,208
Amounts due to joint ventures and associates		**14,419,441**	6,895,062
Taxation payable		**1,838,829**	1,334,245
Bank and other borrowings – due within one year		**2,367,536**	2,793,500
Corporate bonds – due within one year		**2,088,970**	–
		44,926,041	29,733,379
NET CURRENT ASSETS		**26,006,647**	23,755,546
TOTAL ASSETS LESS CURRENT LIABILITIES		**43,554,168**	37,718,385

	2016	2015
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Share capital	**542,797**	537,157
Reserves	**14,437,365**	12,289,940
Equity attributable to equity owners of the Company	**14,980,162**	12,827,097
Non-controlling interests	**2,302,851**	2,456,065
TOTAL EQUITY	**17,283,013**	15,283,162
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	**11,199,111**	8,864,403
Senior notes	**5,683,011**	8,275,958
Corporate bonds – due after one year	**8,052,498**	4,021,032
Deferred taxation liabilities	**1,336,535**	1,273,830
	26,271,155	22,435,223
	43,554,168	37,718,385

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied for the first time in the current year the following new and amendments to International Financial Reporting Standards ("IFRSs") and International Accounting Standards ("IAS") issued by the International Accounting Standards Board ("IASB").

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

The application of the above new and revised IFRSs and IAS 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.

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

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS4 Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfers of Investments Property
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014–2016 Cycle 4[5]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2017.

5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

IFRS 9 "Financial Instruments"

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

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

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

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that quality for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced. The Group has not entered into any hedging transactions during the year.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of IFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment will either be measured at fair value through profit or loss or be designated at fair value through other comprehensive income. 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.

IFRS 15 "Revenue from contracts with Customer"

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for 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 IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

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

The Directors of the Company anticipate that the application of IFRS 15 in the future may have an impact on the amount reported as the timing of revenue recognition may be affected and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review. In addition the application of IFRS 15 in the future may result in more disclosures in the consolidated financial statements.

IFRS 16 "Leases"

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

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

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payment 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 other. 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 presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

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

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

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB3,669,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

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

2. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (being the board of directors of the Company) in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on three main operations:

- Property development: this segment represents the development and sales of office and commercial premises and residential properties. All the Group's activities in this regard are carried out in the PRC.

- Property investment: this segment represents the lease of investment properties, which are developed or purchased by the Group to generate rental income and to gain from the appreciation of the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.

- Property management, project management and other property related services: this segment mainly represents the income generated from property management and project management. Currently the Group's activities in this regard are carried out in the PRC.

The chief operating decision maker regularly reviews the operating results under property development, property investment, property management, project management and other property related service. As property development projects are all located in the PRC, their revenue is primarily derived from the sales of properties, and is related and subject to common risk and returns. All property development projects are aggregated into a single reportable segment, property development, in accordance with IFRS 8 "Operating Segments".

(a) Segment revenue and profit

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the year is set out below.

	Property development	**Property investment**	**Property management, project management and other property related services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Year ended 31 December 2016				
Reportable segment revenue from external customers	**20,713,067**	**62,226**	**1,449,154**	**22,224,447**
Reportable segment profit	**4,508,807**	**47,550**	**564,796**	**5,121,153**

	Property development	Property investment	Property management, project management and other property related services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2015				
Reportable segment revenue from external customers	17,046,700	40,973	1,143,115	18,230,788
Reportable segment profit	3,295,706	26,755	450,221	3,772,682

(b) Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the chief operating decision maker. Accordingly, no segment assets and liabilities are presented.

(c) Reconciliations of reportable segment revenue and profit

The reportable segment profit represents the results by each segment without including any effect of allocation of other income, gains and losses earned from operations other than the Group's main operations, unallocated head office and corporate expenses, depreciation of property, plant and equipment, (write-back of) allowance for doubtful debts, change in fair value of investment properties, finance costs and share of results of joint ventures and associates. This is the measurement basis reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Reportable segment and consolidated revenue	**22,224,447**	18,230,788
Profit		
Reportable segment profit	**5,121,153**	3,772,682
Other income, gains and losses	**161,834**	541,660
Change in fair value of investment properties	**(100,433)**	128,100
Finance costs	**(529,651)**	(202,885)
Share of results of joint ventures	**1,007,416**	205,533
Share of results of associates	**55,324**	(32,908)
Depreciation of property, plant and equipment	**(15,950)**	(18,280)
Write-back of (allowance for) doubtful debts	**2,598**	(2,573)
Unallocated head office and corporate expenses	**(865,526)**	(586,502)
Consolidated profit before taxation	**4,836,765**	3,804,827

(d) Geographic information

No geographic information has been presented as the Group's operating activities are carried out in the PRC.

(e) Major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue.

3. OTHER INCOME, GAINS AND LOSSES

	2016	2015
	RMB'000	*RMB'000*
Dividend income from available-for-sale investment	**–**	3,628
Interest income	**232,184**	97,372
Gain on remeasurement	**38,283**	166,498
Gain from business combinations	**33,867**	76,770
Gain (loss) on disposal of property, plant and equipment, net	**219**	(216)
Gain on disposal of prepaid lease payments	**–**	60,097
(Loss) gain on disposal of subsidiaries	**(4,242)**	219,296
Loss on deemed disposed of subsidiaries	**(211)**	–
Government grants	**26,575**	38,679
Forfeited deposits paid by purchasers	**10,090**	109,860
Loss on early redemption of senior notes	**(182,263)**	(20,725)
Change in fair value of financial assets at FVTPL	**33,356**	–
Change in fair value of derivative financial instruments	**314,768**	–
Net exchange loss	**(378,284)**	(302,127)
Sundry income	**37,492**	92,528
	161,834	541,660

4. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**(1,092,802)**	(994,751)
Interest expense on senior notes	**(705,919)**	(737,856)
Interest expense on corporate bonds	**(351,498)**	(41,419)
Less: Amount capitalised to properties under development for sale and investment properties under construction	**1,620,568**	1,571,141
	(529,651)	(202,885)

Borrowing costs capitalised to properties under development for sale and investment properties under construction were determined by the contracted interest rates of respective bank and other borrowings, senior notes and corporate bonds.

5. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
PRC Enterprise Income Tax	**(1,038,337)**	(950,358)
LAT	**(602,245)**	(317,872)
Under provision in respect of prior year	**(27,666)**	–
	(1,668,248)	(1,268,230)
Deferred taxation	**(4,142)**	(65,809)
	(1,672,390)	(1,334,039)

6. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2016	2015
	RMB'000	*RMB'000*
Profit and total comprehensive income for the year has been arrived at after charging (crediting):		
Auditors' remuneration	**5,775**	5,225
Cost of properties sold included in cost of sales and services	**15,059,167**	12,265,516
Depreciation of property, plant and equipment	**15,950**	18,280
(Write-back of) allowance for doubtful debts	**(2,598)**	2,573
Operating lease rentals in respect of land and buildings	**44,840**	34,423
Staff costs		
Directors' emoluments	**11,526**	10,396
Other staff costs		
Staff costs excluding retirement benefit costs	**527,289**	451,286
Retirement benefit costs	**57,848**	41,992
Equity-settled share-based payments	**46,882**	49,058
Total other staff costs	**632,019**	542,336
Less: Amount capitalised to properties under development for sale	**(199,986)**	(197,985)
	432,033	344,351
Rental income from investment properties	**(62,226)**	(40,973)
Less: Related outgoings	**13,078**	14,218
	(49,148)	(26,755)

7. DIVIDEND

	2016	2015
	RMB'000	*RMB'000*
Proposed final dividend – RMB11.5 cents (2015: RMB9.35 cents) per ordinary share	**775,681**	624,270

The Board recommends the payment of a final dividend for 2016 of RMB11.50 cents (equivalent to HK13 cents) (2015: RMB9.35 cents (equivalent to HK11 cents)) per share (the "Proposed Final Dividend"). The Proposed Final Dividend for the year in aggregate with the interim dividend of RMB3.42 cents (equivalent to HK4 cents) per share paid in respect of the first six months of the year amounted to total dividends of RMB14.92 cents (equivalent to HK17 cents) per share. The Proposed Final Dividend will be either payable in cash or in form of new fully paid shares of the Company in respect of part or all of such final dividend at shareholders' option.

The Proposed Final Dividend for the year ended 31 December 2016 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. 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	2015
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**2,807,549**	2,095,464

	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,700,561,859**	6,447,679,001
Effect of dilutive potential ordinary shares on share options	**22,352,975**	193,094
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,722,914,834**	6,447,872,095

9. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly arise from sales of properties and rental income. Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements, normally with a range of 60 days to 180 days from the date of agreement. Rental income is paid by tenants within two months in accordance to tenancy agreement.

	2016	2015
	RMB'000	*RMB'000*
Trade receivables, net of allowance	**1,315,103**	2,048,163
Other receivables, net of allowance	**7,077,230**	3,230,515
Prepaid tax	**360,420**	274,595
Deposits and prepayments	**872,396**	158,196
	9,625,149	5,711,469

The following is an aged analysis of trade receivables, based on the date of agreement and net of allowance, at the end of the reporting period:

	2016	2015
	RMB'000	*RMB'000*
Within 60 days	**815,941**	1,495,225
61–180 days	**66,126**	75,177
181–365 days	**202,118**	321,883
Over 1 year	**230,918**	155,878
	1,315,103	2,048,163

Before accepting any corporate customer, the Group uses an internal credit assessment system to assess the potential customers' credit quality.

Movements in the allowance for doubtful debts on accounts and other receivables are as follows:

	2016	2015
	RMB'000	*RMB'000*
Balance at the beginning of the year	**(8,461)**	(5,888)
Write-back of (increase in) allowance	**2,598**	(2,573)
Balance at the end of the year	**(5,863)**	(8,461)

10. ACCOUNTS AND OTHER PAYABLES, AND ACCRUED CHARGES

	2016	2015
	RMB'000	*RMB'000*
Accounts payables	**3,737,989**	3,905,090
Other payables and accrued charges	**4,116,338**	3,413,999
	7,854,327	7,319,089

Accounts payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group.

The average credit period of trade payables is 60 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The following is an aged analysis of accounts payables, based on the invoice date, at the end of the reporting period:

	2016	2015
	RMB'000	*RMB'000*
Within 60 days	**1,326,681**	2,047,752
61–180 days	**631,624**	473,606
181–365 days	**1,077,546**	757,571
Over 1 year	**702,138**	626,161
	3,737,989	3,905,090

CHAIRMAN'S STATEMENT

Dear shareholders:

I am pleased to present to you the business review of the Group for the year ended 31 December 2016, and outlook for 2017.

Final dividend

The Board recommends the payment of a final dividend for 2016 (payable in cash with a scrip option) of RMB11.50 cents per share (the "Proposed Final Dividend"). The Company paid an interim dividend ("Interim Dividend") of RMB3.42 cents per share (or HK4 cents per share) in respect of the first six months of the year. The Proposed Final Dividend shall be declared in RMB and paid in Hong Kong dollars and will be converted from RMB into Hong Kong dollars at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China ("PBOC Exchange Rate") for the five business days preceding the date of declaration of dividend. Based on the prevailing PBOC Exchange Rate, the Proposed Final Dividend is equivalent to HK13 cents per share.

Together with the Interim Dividend and based on the total outstanding number of issued shares of the Company as at the date of this annual results announcement, the total dividends for the year under review amounted to approximately RMB1,005.1 million for the year, representing a year-on-year increase of 28.1% over RMB784.8 million in 2015.

Results

In 2016, Group sustained its growth and pushed sales and profits up to another record highs. The Group achieved contracted sales of RMB53.00 billion in 2016, representing a year-on-year increase of 75.5% over RMB30.21 billion in 2015. The Group's attributable contracted sales amounted to RMB29.19 billion in 2016, representing a year-on-year increase of 45.4% over RMB20.08 billion in 2015.

Recognized revenue was RMB22,224.4 million in 2016, representing a year-on-year increase of 21.9% over RMB18,230.8 million in 2015. The Group's net profit attributable to equity owners increased by 34.0% to RMB2,807.5 million in 2016 from RMB2,095.5 million in 2015. The Group's core net profit attributable to equity owners increased by 27.8% to approximately RMB2,824.0 million in 2016 from RMB2,209.8 million in 2015.

The Group improved its gross profit margin and core net profit margin to 25.4% and 12.7% respectively in 2016, versus 22.7% and 12.1% respectively in 2015. The Group delivered a core return on average equity of 20.3% in 2016.

Review of 2016

Market review

2016 was a remarkable year in the history of China's real estate industry, with the most dramatic reversals in government policies, the highest transaction volume as well as the record breaking land and property prices.

Policy reversals

In the first three quarters of 2016, real estate policies in most cities in China were still driven by inventory clearance and stimulation of end-users housing demand. Only a few hotspot cities like Shanghai, Shenzhen, Suzhou, Nanjing and Hefei tightened real estate policies, but had little impact on the market.

Entering the fourth quarter, government policies reversed abruptly. Since the end of September 2016, over 20 Chinese cities viciously launched and intensified austerity measures, including: tightening home purchase eligibility, tightening mortgage for second home purchase, stricter controls on land sale and property pre-sale, and regulatory control on developers' funding, etc.

Record-high transaction GFA and value

In 2016, both national transaction GFA and value reached another record highs. According to data published by the China National Bureau of Statistics, transaction GFA of commodity properties in 2016 was 1.57 billion sq.m., up by 22.5% on a year-on-year basis; sales of commodity properties were RMB11.8 trillion, up by 34.8% on a year-on-year basis; average selling prices of commodity properties reached RMB7,476 per sq.m., up 10.9% on a year-on-year basis. Transaction GFA was around 2.5 times and sales value was around 6 times of the market size a decade ago.

Rapid increases in property prices led to government austerity measures

In early 2016, certain hotspot cities led the rises in property prices. Then, the sizzling property prices spread to other cities, and rapidly accelerated in the second and third quarter. This led to the start of new round of government austerity measures by the end of September. Affected by the government tightening policies, property price increases in hotspot cities in the fourth quarter showed signs of softening. However, in cities with milder austerity policies and laggard prices, property prices are still trending up.

In terms of year-on-year price increases, cities with strongest gains (with average of 20% or more) were concentrated in 10 or more first-tier (Beijing, Shanghai, Shenzhen and Guangzhou) and hotspot second-tier cities (Suzhou, Hefei, Nanjing, Xiamen, Hangzhou, Tianjin, Wuhan and Zhengzhou, etc.); while gains in most other cities were not excessive.

“Land king” phenomenon

In 2016, national land transactions in terms of aggregate area continued to decline; on the other hand, aggregate value went up.

As land supply in third- and fourth-tier cities continued to be constrained by the main theme of “inventory clearance”, proportion of high-priced land transactions in first- and second-tier cities increased significantly. During the first three quarters of 2016, land markets in first- and second-tier cities heated up with a flood of “land kings” and continual record breaking land transactions in terms of average and aggregate land prices, nationwide.

In 2016, gains in land prices of hotspot cities substantially exceeded gains in property prices, and the transacted land prices being higher than selling prices of the property units became a common phenomenon in hotspot cities. The rise in land prices interacted property prices to increase further, which in turn dragged up land prices. Since the launch of government control measures in different cities in the end of September, land supply in most cities entered a “cool-down” phase and certain cities implemented measures to cap the land transaction prices. However, these measures had yet to change the “land king” phenomenon in land biddings by the end of year.

Mega industry consolidation

In 2016, China’s real estate industry entered into a rapid phase of consolidation; market share of leading players market increased significantly. According to statistics from CRIC Information Group, market shares of Top 20 developers enlarged to 25%.

Due to strong sales recorded and abundant liquidity in the first three quarters, large-scale real estate developers were even more pro-active, compared to previous years, in entering new cities, public land-biddings as well as in mergers and acquisitions. On the other hand, “cross-segment” business diversification and “internationalization” by venturing into overseas markets became a development trend of large-scale developers.

Sales performance

Due to its appropriate mix and abundant supply of saleable resources in strong performing first- and second-tier cities, the Group achieved overwhelming growth in contracted sales in 2016. During the year, the Group’s contracted sales and contracted gross floor area (“GFA”) reached RMB53.0 billion and 2,916,306 sq.m. respectively, representing strong year-on-year growth of 75.5% and 41.8% respectively. The Group’s contracted average selling price (“ASP”) in 2016 was approximately RMB18,175/sq.m., increased by 23.7% from RMB14,692/sq.m. in 2015. Over 98% of the Group’s contracted sales in 2016 were derived from first- and second-tier cities. The Group achieved a cash collection ratio of over 95% from contracted sales in 2016.

The Group's contracted sales in 2016 were dispersed among over 80 projects in 14 cities. During the year, the Group launched pre-sale of 19 new projects, including:

- Suzhou CIFI Lake Mansion
- Suzhou North Star CIFI No. 1 Courtyard
- Nanjing North Star CIFI Park Mansion Jinling
- Nanjing CIFI Park Mansion Qinhuai
- Hangzhou Binjiang CIFI Wanjiazhixing
- Hangzhou CIFI Times City
- Hefei North Star CIFI Park Mansion Luzhou
- Hefei CIFI Ronchamp Courtyard
- Hefei CIFI Lake Betsuin
- Beijing CIFI No. 26 Block
- Beijing Tianheng CIFI No. 7 Courtyard
- Beijing Vanke World
- Beijing CIFI Yihexiang
- Tianjin CIFI No. 6 Courtyard
- Shenyang CIFI Jin Court
- Shenyang CIFI Fantastic Apartment
- Wuhan Yulong CIFI Peninsula
- Changsha Henderson Arch of Triumph
- Chongqing Dongyuan CIFI Jiangshan Yue

The Group also continued to record contracted sales in other projects, the pre-sale of which started in previous year(s).

CIFI was ranked 18th nationally in terms of contracted sales by value in 2016 according to the "China Real Estate Enterprises Sales Ranking in 2016" published by CRIC Information Group.

Profit margins

The Group's gross profit margin improved to 25.4% in 2016, compared to 24.1% in 2015 (adjusted for the accounting effects due to increase of equity interests in certain projects), a result of higher profitability for products delivered, defensive land costs, lower finance cost as well as product premium achieved through improving quality and brand.

The Group's core net profit margin was 12.7% in 2016, compared to 12.1% in 2015 for the corresponding period of last year.

Land acquisitions

While the land markets of 2016 showed signs of overheating in the first- and strong second-tier cities, we had generally been cautious in land acquisitions during the year. Our land acquisition spending as a proportion of our contracted sales in 2016 reduced significantly compared to 2015, reflecting our land-banking philosophy of "be cautious when the market is irrational". In 2016, we successfully entered Ningbo, Foshan, Jinan and Sanya, further strengthening and deepening our regional presence.

In 2016, the Group acquired interests in 36 new projects with an aggregate land consideration attributable to the Group of RMB13.1 billion. For land acquisitions made during the year, the Group avoided cities with signs of overheating while placed strong emphasis on laggard second-tier cities with great re-rating potentials such as Wuhan, Hangzhou, Ningbo, Tianjin, Foshan and Changsha. Other than the traditional land sources from government public auctions and tenders, the Group increasingly utilized private acquisitions of existing land projects from developers or land owners.

Since two years ago, we have implemented management project co-investment scheme in land acquisitions. Under such project co-investment scheme, both the key local management team of the projects in relevant cities and the key management team at the headquarters of the Group (other than the Company's directors and their respective associates) are in-principle required to invest in the minority "shadow equity" in new development projects together with the Company, while other employees (other than the Company's directors and their respective associates) can also choose to co-invest. During the year, the co-investment scheme continued to achieve its intended effects, contributing to good investment returns of our land investments, and aligning the common interests of our key management teams with those of our shareholders.

As always, we have followed our systematic, disciplined and prudent approach for landbanking and we continued to seek cooperation with a wide range of joint venture partners for land acquisitions or urban village transformations.

Liability management

In 2016, we further lowered our funding costs and improved our liability structure by utilizing lower-cost funding to replace higher-cost debts. The Group made the following major progress in liability management:

Onshore financings

- In 2016, the Company's domestic wholly-owned subsidiary in China, CIFI Group Co., Ltd. ("CIFI China") issued domestic non-public corporate bonds ("Private Domestic Bonds") of RMB6 billion to qualified investors in the following tranches:

  – In January 2016, CIFI China issued the First Tranche of Private Domestic Bonds of RMB2.0 billion at coupon rate of 4.99% with maturity of 2 years (with the issuer's right to adjust the coupon rate and a right of redemption exercisable by the holders at the end of the first year).

  – In September 2016, CIFI China further issued Second Tranche of Private Domestic Bonds comprising (i) RMB3.5 billion at coupon rate of 4.30% with maturity of 5 years (with the issuer's right to adjust the coupon rate and investors' option to require the issuer to repurchase the bonds, at the end of third year after the issue) and (ii) RMB500 million at coupon rate of 5.50% per annum, with tenure of 5 years.

  Proceeds from the Private Domestic Bonds were primarily used for refinancing of onshore debts and general working capital.

- In March 2016, the Company signed an unsecured US$600 million three-year US dollar/Hong Kong dollar club loan ("March 2016 Club Loan") with an interest rate of LIBOR/HIBOR + 4% per annum. Proceeds from the March 2016 Club Loan were primarily used for early redemption of the entire 12.25% coupon US Dollar Bonds Due in 2018 ("2018 Due USD Bonds") and general working capital.

- In April 2016, the Company completed the early redemption of entire US$500 million 12.25% coupon due 2018 USD Bonds.

- In December 2016, the Company signed the following new offshore financings:

  – 5-year maturity, 5.50% coupon US dollar bonds due Jan 2022 ("2022 Due USD Bonds") of principal amount of US$285 million.

  – unsecured 4-year US dollar/Hong Kong dollar club loan ("December 2016 Club Loan") with an interest rate of LIBOR/HIBOR + 3.70% per annum. The committed principal amount as at the announcement date of this final results (pursuant to the amount committed under the initial agreement and supplemental agreements) was approximately US$303 million.

  Proceeds from the 2022 Due USD Bonds and December 2016 Club Loan were primarily used for early redemption of the entire 8.875% coupon US Dollar Bonds Due in 2019 ("2019 Due USD Bonds") and general working capital.

- In February 2017, the Company completed the early redemption of entire US$400 million 8.875% coupon due 2019 USD Bonds.

Credit ratings

- In 2016, the Group further enhanced its onshore and offshore credit ratings. During the year, CIFI China achieved "AA+" domestic credit ratings by onshore credit rating agencies China Chengxin Securities Rating Company Limited and Golden Credit Rating International Co. Ltd.

- In 2016, Fitch upgraded our issuer's credit rating outlook to "BB-" ("Positive" outlook), while Standard & Poor's maintained our issuer's credit rating outlook at "BB-" ("Stable" outlook). In March 2017, Moody's also upgraded our issuer's credit rating outlook to "Ba3" ("Positive" outlook).

Currency hedging

- Starting in early 2016, the Group started to use hedging instruments to mitigate the risks induced by the Renminbi devaluation concerning non-RMB denominated indebtedness. As at 31 December 2016, the Group had entered into US dollar versus offshore RMB capped forward contracts to hedge and reduce our foreign currency exposure in non-RMB denominated indebtedness by US$1,098 million. Subsequent to 31 December 2016, the Group had further entered into additional capped forward contracts of US$450 million.

Financial positions

In 2016, the Group sustained a prudent financial position. As at 31 December 2016, the Group's:

- net debt-to-equity ratio was 50.4% (as at 31 December 2015: 59.2%);
- net debts (total indebtedness less cash-on-hand) amounted to RMB8,713.9 million (as at 31 December 2015: RMB9,049.7 million);
- cash-on-hand level remained high at RMB20,677.3 million (as at 31 December 2015: RMB14,905.2 million);
- total indebtedness amounted to RMB29,391.1 million (as at 31 December 2015: RMB23,954.9 million);
- guaranteed joint ventures/associated companies debts amounted to RMB3,574.0 million (as at 31 December 2015: RMB2,744.2 million);
- weighted average cost of indebtedness decreased to 5.5% (as at 31 December 2015: 7.2%);
- proportion of short-term borrowings in overall indebtedness remained low at 15.2% (as at 31 December 2015: 11.7%);
- proportion of unsecured indebtedness in overall indebtedness was 75.9% (as at 31 December 2015: 60.5%); and
- proportion of US dollar/HK dollar denominated (non-RMB denominated) indebtedness in overall indebtedness was 44.0% (as at 31 December 2015: 43.8%), while proportion of "unhedged" US dollar/HK dollar denominated (non-RMB denominated) indebtedness in overall indebtedness reduced to 20.9% (as at 31 December 2015: 43.8%).

As at 31 December 2016, unpaid committed land considerations attributable to the Group were approximately RMB5,935.9 million (versus cash-on-hand of approximately RMB20,677.3 million). The Group maintained a comfortable debt positions and off-balance sheet commitments.

Product capabilities and brand-building

In 2016, our product structure further improved to emphasize on upgraders' residential products with higher profit margin potential. During the year, fully-fitted residential products increased to over 65% of our total residential contracted sales.

During the past two years, CIFI combined its refined fitting specifications, environmentally-friendly and energy-saving technologies and elegant brand image to develop and launched its high-end residential "Park Mansion" brand. As at 31 December 2016, we launched 7 "Park Mansion" branded projects in Shanghai, Suzhou, Hefei, Nanjing and these projects all received overwhelming market responses.

Customer satisfaction and employee engagement

Customers and employees are driving our future successes. The Group is dedicated to improving its product quality and customer service to meet consumers' needs and ever higher requirements. The Group is also committed to train and retain a quality workforce to feed its expanding business needs.

Based on the customer satisfaction and employee engagement surveys conducted annually by the third-party international consultancy firms engaged by the Group, we recorded new high scores in overall customer satisfaction and employee engagement in 2016 compared with those for the previous years, demonstrated our continued improvement in brand and employee awareness programs.

"Real estate plus" strategies

The Group started to implement its "real estate plus" business plans in 2016. "Real estate plus" refers to the Group's investments in new ventures complimentary to its main property business.

In the second half of 2016, the Group (i) completed the disposal of 70% equity interest in its property management business ("Property Management Business") but retained a 30% stake in such business, which as a result was deconsolidated from the Group; and (ii) also invested in a 30% stake in the business for the provision of industrialized construction services for the design, manufacture and supply of prefabricated construction units and modules and related services to the real estate sector ("EPC Business"). Both the Property Management Business and the EPC are the core parts of the Group's "real estate plus" strategies.

These "real estate plus" business as part of the real estate-related service sector in the PRC enjoys enormous growth potential characterized by clear industry consolidation trends, massive market opportunities and benefits of utilizing innovations in industry reforms. They have great synergies with the Group's core property development/investment business by providing services to the Group, and on the other hand could grow rapidly by expanding its business coverage to third-party, non-CIFI customers. Thus, it is more appropriate for the Group to maintain a strategic minority stake in these ventures, enabling these ventures to adopt independent management structure and development strategies. We believed that these strategic investments have great return potential, while at the same time could effectively enhance the competitiveness of our core business.

Outlook for 2017

Real estate industry environment

Overall, we anticipate China's real estate market will slow down in 2017 as compared to 2016.

Tighter policies and liquidity

China's real estate's short-term cyclical fluctuations are highly correlated to government policies.

At present, the main themes of real estate policies are to keep property prices under control in hotspot first- and second-tier cities; while still to facilitate inventory clearance in other cities, especially third- and fourth-tier cities. It is expected that there is slim chance for policies in hotspot cities to reverse in 2017.

In terms of liquidity, the loose onshore monetary policies had ended. In line with interest rate hike in the US, mounting pressures on RMB depreciation and capital outflow, it is expected that liquidity inclined to tighten.

Overall market correction

Overall real estate demand will be affected under the austerity measures. We expect that overall real estate transaction volume will correct in 2017.

After the industry's tremendous growth in transaction volume and loose monetary policies in the past two years, first home purchase demands have been fatigued. As property prices increased substantially and monetary policies started to tighten, it is expected that first-purchase demand could soften in 2017. The upgraders' demand substantially depends on home purchase eligibility of non-local residents as well as mortgage policies for second home purchase. Following the austerity measures launched since the fourth quarter of 2016, first- and hotspot second-tier cities have tightened the home purchase eligibility by non-local residents and mortgage threshold for second home purchase. As such, it is also expected that upgraders' demand would also be under pressure in 2017. Third- and fourth-tier cities are still facing high inventory level, and thus are sustaining favourable government policies. But their inventory clearance pressure remains high.

Nevertheless, fundamentals supporting real estate markets in first- and second-tier cities remain intact.

With the benefits of sustained population inflow and high level of developments, first-tier cities consistently enjoy massive economic resources, have low inventory level and scarce land supply; and thus robust real estate demand. When transaction volume contracts in 2017 as impacted by the tightening measures, property and land prices will still remain at high levels, with low chance of price crash.

Overall transaction by area in second-tier cities will not drop substantially, but as market sentiment weakens during policies tightening, property and land prices will have higher chance of correction, especially when local governments becoming more proactive for increasing land supply. These cities (especially hotspot second-tier cities and third-tier cities benefiting from demand overflow by nearby first-tier cities), in addition to their industry and population transformation, will be further boosted by the formation of "Metropolitans" with the neighboring cities. They are the city segments that offer most attractive opportunities and deserves most attentions in 2017.

The Group's development strategies

The Group adopts the strategy of pursuing "sustainable, prudent and quality growth" which aims at enhancing profitability and controlling growth of debts, when pursuing fast growth in financial results and scale. CIFI emphasizes both growth in scale and profitability, and stresses prudence in the course of fast growth. While achieving growth in scale, we strive to maintain strong profitability and to create shareholders' value. While placing emphasis on financial results, we endeavor to improve our products and services.

From a long-term perspective, urbanization is the most important factor which dominates the development of real estate industry. China's urbanization process is far from saturation and still has a long way to develop. At present, China's first- and large second-tier cities are transforming into "regional metropolitans", thus offering massive development opportunities to the real estate industry.

We are firmly bullish on the prospects of our main business in China real estate. We focus on China's first- and large second-tier cities. We grow and strengthen our main business, by expanding in cities within the core metropolitan areas. We thrive to become a respected developer brand in the mid-to-high end segment. On the other hand, we leverage on the profitability and scale of our strong main business to invest in strategic stakes in "real estate plus" businesses, aspiring to achieve attractive returns in these real estate ancillary sectors characterized by massive market scale with strong growth potential using new innovative business models.

The Group has set an initial contracted sales target for the full year of 2017 at RMB65.0 billion, representing an increase of approximately 23% from the contracted sales in 2016. We expect during the early phase of market correction in the first half of the year, most second-tier cities still sustain last year's market strength, thus market sentiment will be better than the second half of the year. Our planned operating rhythm stresses accelerating sales clearance, expediting construction to ensure timely supply of saleable resources, launching sales at high sell-through ratio, realizing saleable resources at high prices, thus alleviating the market pressure in the second half. Based on our anticipation of the market, our abundant saleable resources and conservative assumption due to expected market weakness, we are confident of achieving our 2017 yearly sales target.

In 2017, we will closely monitor the property and land price movements in hotspot second-tier cities. As property prices in these cities increased excessively, land prices in hotspot cities may lead the price drop due to effects of the austerity measures and market weakness as well as more proactive local land supply. This will indeed offer good land investment opportunities. Furthermore, we are also bullish on the prospects of rental properties in first-tier cities, especially office projects. Last year, we maximized sales while constrained land investments, thereby preserving our strong financial capacity and avoiding acquisition of "land kings" with aggressive prices and weak profitability. We expect that the upcoming year offers better investment opportunities compared to the previous year. When land prices show meaningful corrections, we will decisively make more land acquisitions, positioning us for the next upcoming market peak in future.

In spite of this year's transitional industry correction, we expect China's real estate market will sustain its tremendous scale and experience industry consolidation. We anticipate that market shares of Top 20 developers will be doubled within the next five years. This represents a great development opportunity for CIFI. In the next decade, China real estate will still be a sector intensely interfered by government policies. The real estate market in China will follow the features of short-cycle fluctuation from time to time. Every cycle of market fluctuations offer development opportunities to CIFI. Our track records have demonstrated that it is indeed CIFI's strength to leverage upon opportunities from industry's fluctuation and achieve growth.

Appreciation

Finally, on behalf of the Board, I would like to express our sincere appreciation to all employees for their dedication and hard work, and to our shareholders, bondholders and business partners for their support in the past year.

CIFI Holdings (Group) Co. Ltd.
LIN Zhong
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE HIGHLIGHTS

	Notes	**2016**	2015	**Year-on-Year Growth**
Contracted sales				
Contracted sales (RMB'million)	*1*	**53,002**	30,209	75.5%
Contracted GFA (sq.m.)		**2,916,306**	2,056,200	41.8%
Contracted ASP (RMB/sq.m.)		**18,175**	14,692	23.7%
Selected financial information (RMB'million)				
Recognized revenue		**22,224**	18,231	21.9%
Gross profit		**5,646**	4,144	36.2%
Profit for the year (including fair value gains)				
– Including non-controlling interests		**3,164**	2,471	28.0%
– Attributable to equity owners		**2,808**	2,095	34.0%
Core net profit	*2*			
– Including non-controlling interests		**3,161**	2,574	22.8%
– Attributable to equity owners		**2,824**	2,210	27.8%
Selected balance sheet data (RMB'million)				
Total assets		**88,480**	67,452	31.2%
Bank balances and cash	*3*	**20,677**	14,905	38.7%
Total indebtedness	*4*	**29,391**	23,955	22.7%
Total equity		**17,283**	15,283	13.1%
Equity attributable to equity owners		**14,980**	12,827	16.8%
Selected financial ratios				
Gross profit margin		**25.4%**	22.7%	
Core net profit margin	*5*	**12.7%**	12.1%	
Earnings per share (basic), RMB cents		42	32	
Core earnings per share (basic), RMB cents		42	34	
Return on average equity	*6*	**20.3%**	19.2%	
Net debt-to-equity ratio, at the end of year	*7*	**50.4%**	59.2%	
Weighted average cost of indebtedness, at the end of year	*8*	**5.5%**	7.2%	
Land bank (GFA, million sq.m.)				
Land bank (GFA, sq.m.), at the end of year				
– Total		**17.5**	12.5	
– Attributable		**10.5**	8.5	
New land acquisition (GFA, sq.m.), during the year				
– Total		**6.5**	4.4	
– Attributable		**3.5**	2.0	

Notes:

1. "Contracted sales" includes contracted sales by the Group's subsidiaries, joint ventures and associated companies. Contracted sales data is unaudited and is based on internal information of the Group. Contracted sales data may be subject to various uncertainties during the process of collating such sales information and is provided for investors' reference only.

2. "Core net profit" excludes fair value gains/losses, net exchange loss/gain, expenses relating to share option grants, loss on early redemption of senior notes, and share of fair value gains/losses and net exchange loss/gain at joint ventures and associated companies, net of deferred taxes.

3. "Bank balances and cash" include pledged bank deposits.

4. "Total indebtedness" includes bank and other borrowings, onshore corporate bonds and offshore senior notes.

5. "Core net profit margin" is calculated based on core net profit attributable to equity owners over total recognized revenue.

6. The calculation of "return on average equity" is based on our core net profit divided by average equity attributable to equity owners for each financial year.

7. "Net debt-to-equity ratio" is calculated by the Group's total indebtedness under IFRS less bank balances and cash (including pledged bank deposits) as a percentage of total equity at the end of each financial year.

8. "Weighted average cost of indebtedness" is the weighted average of interest costs of all indebtedness outstanding as at the end of each financial year.

PROPERTY DEVELOPMENT

Contracted sales

The Group achieved contracted sales of approximately RMB53.00 billion in 2016, representing a year-on-year growth of 75.5% as compared to RMB30.21 billion in 2015. The Group's attributable contracted sales amounted to approximately RMB29.19 billion in 2016, representing a year-on-year increase of 45.4% over RMB20.08 billion in 2015. The overwhelming growth in the Group's contracted sales was mainly attributable to the abundant supplies of quality saleable resources in strong-performing markets in first- and second-tier cities, a result of the Group's appropriate development strategies implemented in the recent two years.

The Group contracted sales of approximately 2,916,306 sq.m. in GFA in 2016, representing an increase of 41.8% over GFA of approximately 2,056,200 sq.m. in 2015. The Group's contracted ASP in 2016 was approximately RMB18,175/sq.m., representing an increase of 23.7% from RMB14,692/sq.m. in 2015.

Contracted sales from the Yangtze River Delta, the Pan Bohai Rim and the Central Western Region contributed to approximately 67.7%, 24.6% and 7.7% of the Group's total contracted sales in 2016 respectively. Contracted sales from first- and second-tier cities accounted for approximately 98.2% of the Group's total contracted sales in 2016 whereas those from third-tier cities accounted for the remaining 1.8%. Contracted sales derived from residential projects contributed to approximately 84.3% of the Group's total contracted sales in 2016 whereas those from office projects contributed to the remaining 15.7%.

Cash collection from property sales during the period by the Group's subsidiaries, joint ventures and associated companies represented over 95% of contracted sales in 2016.

As of 31 December 2016, the Group's subsidiaries, joint ventures and associated companies had approximately RMB35 billion contracted but unrecognized sales which formed a solid basis for Group's future growth in recognized revenue.

Table 1: Details of contracted sales in 2016

By project

Project	Primary intended use of the Project	Interest attributable to the Group	Contracted Sales	% of total Contracted Sales	Contracted GFA	Contracted ASP
		(%)	*(RMB'000)*	*(%)*	*(sq.m.)*	*(RMB/sq.m.)*
Yangtze River Delta						
Shanghai CIFI the Great City	Residential	40.0	2,572,486	4.9	114,593	22,449
Shanghai CIFI Amber Garden	Residential	35.0	1,730,430	3.3	77,592	22,302
Shanghai Shangkun CIFI Villa	Residential	50.0	1,261,492	2.4	36,484	34,577
Shanghai Park Mansion Riverside	Residential	50.0	1,221,062	2.3	9,696	125,935
Shanghai CIFI Elite Mansion	Residential	50.0	870,715	1.6	67,057	12,985
Shanghai Henderson CIFI Center	Office/Commercial	50.0	764,358	1.4	20,431	37,412
Shanghai CIFI Park Mansion (An Ting)	Residential	67.5	680,053	1.3	10,365	65,611
Shanghai CIFI Pleasant Garden	Residential	100.0	277,575	0.5	23,335	11,895
Shanghai CIFI Haishang International	Office/Commercial	53.0	189,438	0.4	4,443	42,637
Shanghai CIF Pure Center	Office/Commercial	45.0	196,569	0.4	4,853	40,505
Shanghai CIFI Pebble Beach	Residential	100.0	62,364	0.1	4,351	14,333
Shanghai CIFI U Block	Office/Commercial	100.0	66,771	0.1	2,551	26,174
Shanghai CIFI Jiangwan Mansion	Residential	100.0	51,363	0.1	839	61,219
Shanghai Greenland CIFI E World Center	Office/Commercial	50.0	19,956	*	332	60,108
Shanghai CIFI City	Residential	100.0	7,280	*	324	22,469
Shanghai CIFI Arthur Shire	Residential	100.0	4,628	*	96	48,208
Shanghai CIFI Luxury Courtyard	Residential	100.0	23,796	*	1,237	19,237
Shanghai CIFI Samite Life	Residential	100.0	20,232	*	986	20,519
Suzhou Henderson CIFI City	Residential	50.0	2,786,174	5.3	176,838	15,756
Suzhou CIFI Park Mansion	Residential	12.5	2,419,257	4.6	66,136	36,580
Suzhou North Star CIFI No.1 Coutryard	Residential	50.0	1,259,428	2.4	67,812	18,572
Suzhou CIFI Shangli	Residential	100.0	861,857	1.6	50,501	17,066
Suzhou Riverside Park	Residential	30.0	652,308	1.2	32,659	19,973
Suzhou CIFI Elegant City	Residential	100.0	409,706	0.8	23,803	17,212
Suzhou CIFI Lake Mansion	Residential	40.0	226,781	0.4	6,319	35,889
Suzhou CIFI Apple Paradise	Residential	50.0	45,944	0.1	6,096	7,537
Suzhou CIFI Xiyue	Residential	100.0	52,284	0.1	5,119	10,214
Suzhou CIFI Sunny Life	Residential	100.0	51,612	0.1	5,456	9,460
Hangzhou Greenland CIFI Glorious City	Residential	50.0	1,997,202	3.8	60,194	33,179
Hangzhou Shunfa CIFI Honor Mansion	Residential	30.0	949,161	1.8	32,116	29,554
Hangzhou Henderson CIFI Palace	Residential	100.0	926,198	1.7	92,329	10,031
Hangzhou Longfor CIFI Chunjiang City	Residential	35.0	762,320	1.4	43,256	17,623
Hangzhou CIFI Times City	Residential	100.0	283,048	0.5	23,018	12,297
Hangzhou Binjiang CIFI Wanjiazhixing	Residential	35.0	100,949	0.2	5,106	19,771
Nanjing CIFI Park Mansion Qinhuai	Residential	100.0	2,050,502	3.9	60,223	34,048
Nanjing North Star CIFI Park Mansion Jin Ling	Residential	49.0	1,369,637	2.6	20,568	66,591
Nanjing Yincheng CIF Baimalanshan	Residential	51.0	397,580	0.8	13,444	29,573
Nanjing CIFI Jiuzhu	Residential	100.0	178,623	0.3	8,873	20,131
Hefei North Star CIFI Park Mansion Luzhou	Residential	50.0	2,001,522	3.8	95,714	20,911
Hefei CIFI Lake Betsuin	Residential	50.0	1,897,214	3.6	151,300	12,539

Project	Primary intended use of the Project	Interest attributable to the Group	Contracted Sales	% of total Contracted Sales	Contracted GFA	Contracted ASP
		(%)	*(RMB'000)*	*(%)*	*(sq.m.)*	*(RMB/sq.m.)*
Hefei CIFI Original Villa	Residential	100.0	1,795,135	3.4	106,620	16,837
Hefei CIFI Ronchamp Courtyard	Residential	22.5	1,458,103	2.8	151,078	9,651
Zhenjiang CIFI East One Place	Residential	100.0	309,917	0.6	59,446	5,213
Zhenjiang CIFI Times	Residential	100.0	33,867	*	4,654	7,277
Jiaxing CIFI Ronchamp Town	Residential	100.0	160,375	0.3	13,889	11,547
Jiaxing CIFI Private Mansion	Residential	100.0	84,125	0.2	10,529	7,990
Pan Bohai Rim						
Beijing CIFI N0.26 Block	Office/Commercial	10.0	3,887,971	7.3	125,804	30,905
Beijing Vanke World	Office/Commercial	26.5	1,831,540	3.5	44,157	41,478
Beijing Longxi CIFI 6th Courtyard	Residential	20.0	1,219,950	2.3	37,599	32,446
Beijing Longxi CIFI 6th Courtyard	Office/Commercial	20.0	104,168	0.2	4,960	21,002
Beijing Tianheng CIFI No.7 Courtyard	Commercial/ Residential	49.0	904,750	1.7	24,302	37,229
Beijing MOMA CIFI Residence	Residential	50.0	341,751	0.6	17,101	19,984
Beijing CIFI The Education Park	Office/Commercial	100.0	219,558	0.4	11,208	19,589
Beijing CIFI The Upper House	Residential	80.0	70,946	0.1	2,585	27,445
Beijing CIFI Yihexiang	Residential	59.5	2,929	*	167	17,539
Tianjin CIFI Yannan Garden	Residential	100.0	1,045,634	2.0	60,231	17,360
Tianjin CIFI Private Mansion	Residential	100.0	917,321	1.7	50,991	17,990
Tianjin CIFI Rosedale	Residential	100.0	457,667	0.9	54,945	8,330
Tianjin CIFI No.6 Courtyard	Residential	70.0	439,145	0.8	20,475	21,448
Tianjin CIFI Paradise Bay	Residential	25.0	13,956	*	2,754	5,068
Shenyang CIFI Private Mansion	Residential	100.0	539,411	1.0	77,448	6,965
Shenyang CIFI Jin Court	Residential	100.0	373,773	0.7	27,452	13,616
Shenyang CIFI Fantastic Apartment	Residential	100.0	89,375	0.2	6,659	13,422
Langfang CIFI Path Walf	Residential	100.0	406,539	0.8	48,335	8,411
Central Western Region						
Wuhan CIFI Private Mansion	Residential	100.0	1,534,559	2.9	132,854	11,551
Wuhan Yulong CIFI Peninsula	Residential	55.0	347,303	0.7	20,828	16,675
Chongqing CIFI City	Residential	100.0	396,029	0.7	57,643	6,870
Chongqing CIFI City	Office/Commercial	100.0	34,235	0.1	2,251	15,209
Chongqing Dongyuan CIFI Jiangshan Yue	Residential	30.0	65,548	0.1	5,163	12,696
Chongqing CIFI Paradise Town	Residential	100.0	8,759	*	1,982	4,419
Changsha CIFI Dream Mansion	Residential	80.0	621,674	1.2	80,774	7,696
Changsha Henderson Arch of Triumph	Residential	30.0	434,887	0.8	66,156	6,574
Changsha CIFI International Plaza	Residential	100.0	273,007	0.5	12,387	22,040
Changsha CIFI International Plaza	Office/Commercial	100.0	195,341	0.4	24,620	7,934
Changsha CIFI Private Mansion	Residential	100.0	119,381	0.2	17,952	6,650
Carpark and others			563,962	1.1	103,862	5,430
Total			53,002,466	100.0	2,916,306	18,175

* *Less than 0.1%*

By type of project

	Contracted Sales	% of total Contracted Sales	Contracted GFA	Contracted ASP
	(RMB'000)	*(%)*	*(sq.m.)*	*(RMB/sq.m.)*
Residential	44,673,003	84.3	2,620,414	17,048
Office/Commercial	8,329,463	15.7	295,892	28,150
Total	53,002,466	100.0	2,916,306	18,175

By city

	Contracted sales	% of total contracted sales	Contracted GFA	Contracted ASP
	(RMB'000)	*(%)*	*(sq.m.)*	*(RMB/sq.m.)*
Shanghai	10,200,391	19.2	400,486	25,470
Suzhou	8,790,911	16.6	444,309	19,786
Beijing	8,749,884	16.5	322,005	27,173
Hefei	7,188,427	13.6	514,696	13,966
Hangzhou	5,121,799	9.7	260,068	19,694
Nanjing	3,996,342	7.5	103,108	38,759
Tianjin	2,870,171	5.4	189,091	15,179
Wuhan	1,881,862	3.6	153,682	12,245
Changsha	1,682,739	3.2	209,615	8,028
Shenyang	1,007,714	1.9	111,559	9,033
Chongqing	510,439	1.0	69,034	7,394
Langfang	406,539	0.8	48,335	8,411
Zhenjiang	354,787	0.7	66,293	5,352
Jiaxing	240,461	0.5	24,025	10,009
	53,002,466	100.0	2,916,306	

By region

	Contracted sales	% of total contracted sales	Contracted GFA	Contracted ASP
	(RMB'000)	*(%)*	*(sq.m.)*	*(RMB/sq.m.)*
Yangtze River Delta	35,893,118	67.7%	1,812,985	19,798
Pan Bohai Rim	13,034,308	24.6%	670,990	19,425
Central Western Region	4,075,040	7.7%	432,331	9,426
	53,002,466	100%	2,916,306	18,175

By first-, second- and third-tier cities

	Contracted sales	% of total contracted sales	Contracted GFA	Contracted ASP
	(RMB'000)	*(%)*	*(sq.m.)*	*(RMB/sq.m.)*
First-tier cities	18,950,275	35.8%	722,491	26,229
Second-tier cities	33,050,404	62.4%	2,055,162	16,082
Third-tier cities	1,001,787	1.8%	138,653	7,225
	53,002,466	100%	2,916,306	18,175

Revenue recognized from sales of properties

Revenue recognized from sales of properties in 2016 was approximately RMB20,713.1 million up by 21.5% year-on-year, accounted for 93.2% of total recognized revenue. The Group delivered approximately 1,938,300 sq.m. of properties in GFA in 2016, up by 46.4% year-on-year. The Group's recognized ASP from sales of properties was approximately RMB10,686/sq.m. in 2016, representing a decrease of 17.0% from RMB12,873/sq.m. in 2015. The decrease in recognized ASP was mainly due to lower recognized revenue contribution from first-tier cities. The increase in the Group's revenue recognized from sales of properties in 2016 was mainly attributable to the increase in GFA delivered.

Table 2: Breakdown of recognized revenue from property sales in 2016

By project

Project	Primary intended use of the project	Recognised revenue from sale of properties		% of recognised revenue from sale of properties		Total GFA delivered		Recognized ASP	
		(RMB'000)		*(%)*		*(sq.m.)*		*(RMB/sq.m.)*	
		2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Shanghai CIFI Pure Center	Office/Commercial	**1,390,906**	–	**6.7**	–	**56,755**	–	**24,507**	–
Shanghai Henderson CIFI Centre	Residential,Office/ Commercial	**1,111,272**	2,336,054	**5.4**	13.7	**31,479**	64,082	**35,302**	36,454
Shanghai CIFI Park Mansion	Residential	**730,381**	232,282	**3.5**	1.4	**16,689**	6,788	**43,764**	34,220
Shanghai CIFI Pebble Beach	Residential	**581,534**	16,634	**2.8**	0.1	**36,174**	1,267	**16,076**	13,129
Shanghai CIFI Haishang International	Office/Commercial	**325,825**	420,494	**1.6**	2.5	**8,071**	10,915	**40,370**	38,524
Shanghai CIFI Pleasant Garden	Residential	**255,981**	106,425	**1.2**	0.6	**22,743**	10,371	**11,255**	10,262
Shanghai CIFI Pujiang International	Office/Commercial	**213,478**	–	**1.0**	–	**12,242**	–	**17,438**	–
Shanghai CIFI U Block	Office/Commercial	**83,047**	12,323	**0.4**	0.1	**3,527**	709	**23,546**	17,381
Shanghai CIFI Jiangwan Mansion	Residential	**62,724**	423,850	**0.3**	2.5	**1,095**	7,764	**57,282**	54,592
Shanghai CIFI Samite Life	Residential	**32,635**	–	**0.2**	–	**2,115**	–	**15,430**	–
Shanghai CIFI Luxury Courtyard	Residential	**25,810**	29,054	**0.1**	0.2	**1,493**	1,358	**17,287**	21,395
Shanghai CIFI City	Residential	**2,897**	65,456	*****	0.4	**136**	2,709	**21,301**	24,162
Shanghai CIFI Arthur Shire	Residential	**–**	1,002,206	**–**	5.9	**–**	32,782	**–**	30,572
Shanghai CIFI Shilu	Residential	**–**	164,053	**–**	1.0	**–**	3,597	**–**	45,608
Shanghai CIFI Private Mansion	Residential	**–**	147,858	**–**	0.9	**–**	6,455	**–**	22,906
Suzhou CIFI Elegant City	Residential	**1,328,756**	1,023,108	**6.4**	6.0	**122,430**	109,373	**10,853**	9,354
Suzhou CIFI Shangli	Residential	**707,651**	–	**3.4**	0.0	**57,175**	–	**12,377**	–
Suzhou CIFI Xiyue	Residential	**454,010**	–	**2.2**	0.0	**49,410**	–	**9,189**	–
Suzhou CIFI Sunny Life	Residential	**47,896**	599,291	**0.2**	3.5	**4,809**	68,254	**9,960**	8,780
Suzhou CIFI Private Mansion	Residential	**9,472**	25,195	*****	0.1	**912**	1,598	**10,386**	15,767
Suzhou CIFI Private Mansion Usonian City Villa	Residential	**3,651**	1,249,645	*****	7.3	**263**	97,290	**13,882**	12,845
Suzhou CIFI Luxary Courtyard	Residential	**754**	5,468	*****	*	**91**	703	**8,286**	7,778
Suzhou CIFI Canal County	Residential	**–**	3,059	**–**	*	**–**	359	**–**	8,521
Hefei CIFI Original Villa	Residential	**1,838,835**	–	**8.9**	–	**137,131**	–	**13,409**	–
Hefei CIFI Private Mansion	Residential	**–**	1,549,300	**–**	9.1	**–**	186,005	**–**	8,329
Zhenjiang CIFI Times	Residential	**48,291**	91,178	**0.2**	0.5	**7,716**	13,008	**6,259**	7,009
Jiaxing CIFI Ronchamp Town	Residential	**205,784**	414,217	**1.0**	2.4	**26,662**	60,791	**7,718**	6,814
Jiaxing CIFI Private Mansion	Residential	**85,510**	267,371	**0.4**	1.6	**38,379**	36,018	**2,228**	7,423
Nanjing Yincheng CIF Baimalanshan	Residential	**787,013**	–	**3.8**	–	**47,229**	–	**16,664**	–
Hangzhou Henderson CIFI Palace	Residential	**814,248**	796,754	**3.9**	4.7	**87,043**	100,932	**9,355**	7,894
Beijing CIFI The Education Park	Office/Commercial	**509,298**	1,424,629	**2.5**	8.4	**24,194**	62,324	**21,051**	22,858
Beijing CIFI The Upper House	Residential	**140,521**	1,195,060	**0.7**	7.0	**5,593**	48,501	**25,124**	24,640
Beijing CIFI Private Mansion	Residential	**–**	80,000	**–**	0.5	**–**	3,570	**–**	22,409
Langfang CIFI Path Walf	Residential	**1,098,071**	123,125	**5.3**	0.7	**157,933**	19,631	**6,953**	6,272
Tianjin CIFI Private Mansion	Residential	**1,952,865**	1,243,746	**9.4**	7.3	**161,133**	93,774	**12,120**	13,263
Tianjin CIFI Rosedale	Residential	**912,699**	249,645	**4.4**	1.5	**125,019**	31,996	**7,300**	7,802
Shenyang CIFI Private Mansion	Residential	**467,700**	159,450	**2.3**	0.9	**68,730**	12,733	**6,805**	12,523
Shenyang CIFI Jin Court	Residential	**117,959**	–	**0.6**	–	**7,657**	–	**15,405**	–
Chongqing CIFI City	Residential,Office/ Commercial	**830,674**	–	**4.0**	–	**101,232**	–	**8,206**	–
Chongqing CIFI Ronchamp Town	Residential	**3,519**	16,180	*****	0.1	**859**	1,290	**–**	12,543
Chongqing CIFI Fashion Tribe	Office/Commercial	**–**	4,696	**–**	*	**–**	743	**–**	6,320
Changsha CIFI International Plaza	Office/Commercial	**944,961**	437,325	**4.6**	2.6	**108,108**	39,480	**8,741**	11,077
Changsha CIFI Dream Mansion	Residential	**823,886**	–	**4.0**	–	**117,148**	–	**7,033**	–
Changsha CIFI Private Mansion	Residential	**115,399**	241,639	**0.6**	1.4	**17,993**	37,581	**6,414**	6,430
Wuhan CIFI Private Mansion	Residential	**1,279,849**	700,121	**6.2**	4.1	**136,673**	88,850	**9,364**	7,880
Carpark and others		**367,305**	189,809	**1.8**	1.0	**134,257**	60,613	**2,736**	3,131
Total		**20,713,067**	17,046,700	**100**	100	**1,938,298**	1,324,214	**10,686**	12,873

* *less than 0.1%*

By type of project

	Recognised revenue from sale of properties (RMB'000)		% of recognised revenue from sale of properties (%)		Total GFA delivered (sq.m.)		Recognised ASP (RMB/sq.m.)	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Residential	**16,220,942**	15,184,558	**78.3**	89.1	**1,687,154**	1,249,523	**9,614**	12,152
Office/Commercial	**4,492,125**	1,862,142	**21.7**	10.9	**251,144**	74,691	**17,887**	24,931
Total	**20,713,067**	17,046,700	**100**	100	**1,938,298**	1,324,214	**10,686**	12,873

By city

	Recognised revenue from sale of properties (RMB'000)		% of recognised revenue from sale of properties (%)		Total GFA delivered (sq.m.)		Recognised ASP (RMB/sq.m.)	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Shanghai	**4,905,994**	4,990,753	**23.7**	29.3	**209,818**	155,072	**23,382**	32,183
Tianjin	**2,873,061**	1,495,757	**13.9**	8.8	**287,278**	126,888	**10,001**	11,788
Suzhou	**2,616,629**	2,932,912	**12.6**	17.2	**280,836**	291,169	**9,317**	10,073
Changsha	**1,954,038**	711,367	**9.4**	4.2	**262,971**	86,264	**7,431**	8,246
Hefei	**1,858,309**	1,574,451	**9.0**	9.2	**149,357**	193,492	**12,442**	8,137
Wuhan	**1,279,849**	700,121	**6.2**	4.1	**136,673**	88,850	**9,364**	7,880
Langfang	**1,119,553**	128,510	**5.4**	0.8	**162,457**	20,423	**6,891**	6,292
Chongqing	**844,973**	26,497	**4.1**	0.2	**108,058**	9,197	**7,820**	2,881
Hangzhou	**831,440**	803,806	**4.0**	4.7	**94,093**	103,962	**8,836**	7,732
Nanjing	**787,013**	–	**3.8**	–	**47,229**	–	**16,664**	–
Beijing	**703,786**	2,743,658	**3.4**	16.1	**42,306**	124,215	**16,636**	22,088
Shenyang	**585,659**	159,450	**2.8**	0.9	**76,387**	12,733	**7,667**	12,523
Jiaxing	**302,914**	684,739	**1.5**	4.0	**72,853**	98,409	**4,158**	6,958
Zhenjiang	**49,849**	94,679	**0.2**	0.5	**7,982**	13,540	**6,245**	6,993
Total	**20,713,067**	17,046,700	**100**	100	**1,938,298**	1,324,214	**10,686**	12,873

By region

	Recognised revenue from sale of properties (RMB'000)		% of recognised revenue from sale of properties (%)		Total GFA delivered (sq.m.)		Recognised ASP (RMB/sq.m.)	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Yangtze River Delta	**11,352,148**	11,081,340	**54.8**	65.0	**862,168**	855,644	**13,167**	12,951
Pan Bohai Rim	**5,282,059**	4,527,375	**25.5**	26.6	**568,428**	284,259	**9,292**	15,927
Central Western Region	**4,078,860**	1,437,985	**19.7**	8.4	**507,702**	184,311	**8,034**	7,802
Total	**20,713,067**	17,046,700	**100**	100	**1,938,298**	1,324,214	**10,686**	12,873

By first-, second- and third-tier cities

	Recognised revenue from sale of properties		% of recognised revenue from sale of properties		Total GFA delivered		Recognised ASP	
	(RMB'000)		*(%)*		*(sq.m.)*		*(RMB/sq.m.)*	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
First-tier cities	**5,609,780**	7,734,411	**27.1**	45.4	**252,124**	279,287	**22,250**	27,693
Second-tier cities	**13,630,971**	8,404,361	**65.8**	49.3	**1,442,882**	912,555	**9,447**	9,210
Third-tier cities	**1,472,316**	907,928	**7.1**	5.3	**243,292**	132,372	**6,052**	6,859
Total	**20,713,067**	17,046,700	**100**	100	**1,938,298**	1,324,214	**10,686**	12,873

Completed properties held for sale

In 2016, the total GFA of newly completed projects of the Group amounted to approximately 3.3 million sq.m. (2015: 3.6 million sq.m.) comprising 2.0 million sq.m. by its subsidiaries (2015: 3.1 million sq.m.) and 1.3 million sq.m. by its joint ventures or associated companies (2015: 0.5 million sq.m.). As at 31 December 2016, the Group had 58 completed properties projects with a total and attributable unsold or undelivered GFA of approximately 4.5 million sq.m. and 3.8 million sq.m. respectively.

Properties under development/held for future development

As at 31 December 2016, the Group had 62 property projects under development or held for future development with a total and attributable GFA of approximately 13.0 million sq.m. and 6.7 million sq.m. respectively.

PROPERTY INVESTMENT

Rental income

The Group's rental income in 2016 was approximately RMB62.2 million, up by 51.9% year-on-year. The increase was primarily from Shanghai CIFI Haishang International which has commenced leasing during the year.

Investment properties

As at 31 December 2016, the Group had 7 investment properties with a total GFA of approximately 147,400 sq.m. Out of such investment properties portfolio of the Group, 6 investment properties with a total GFA of approximately 136,400 sq.m. had commenced leasing.

FINANCIAL REVIEW

Revenue

The Group's recognized revenue was approximately RMB22,224.4 million in 2016, up 21.9% year-on-year. Out of the Group's total recognized revenue in 2016, (i) sales of property increased by 21.5% from 2015 to approximately RMB20,713.1 million; (ii) rental income increased by 51.9% from 2015; (iii) property management income decreased by 19.5% from 2015, as the Group disposed of its 70% interest in the property management business in September 2016 and as a result, property management business was deconsolidated from the Group since then; and (iv) project management and other property related service income increased by 46.7% from 2015.

Table 3: Breakdown of recognized revenue in 2016

	2016		2015		
	Recognized revenue	**% of Total recognized revenue**	Recognized revenue	% of Total recognized revenue	**Year-on-year change**
	RMB'000	*%*	*RMB'000*	*%*	*%*
Sales of properties	**20,713,067**	**93.2**	17,046,700	93.5	21.5
Rental income	**62,226**	**0.3**	40,973	0.2	51.9
Property management income	**276,496**	**1.2**	343,638	1.9	(19.5)
Project management and Other property related service income	**1,172,658**	**5.3**	799,477	4.4	46.7
Total	**22,224,447**	**100.0**	18,230,788	100.0	21.9

Cost of sales

The Group's cost of sales in 2016 was approximately RMB16,578.8 million, up 17.7% from 2015. This increase was primarily due to an increase in cost of property sales as a result of an increase in total GFA delivered compared to 2015.

Due to the accounting treatment of increase of equity interests in certain projects, cost of sales of those delivered properties for such projects in 2015 were remeasured at fair value. The reported cost of sales in 2015 included RMB243.3 million of fair value gains related to such properties delivered. There was no such accounting impact on the reported cost of sales for 2016. Eliminating such fair value gains, the cost of sales in 2016 was up by 19.8% from the adjusted cost of sales in 2015.

Gross profit and gross profit margin

The Group's reported gross profit in 2016 was approximately RMB5,645.6 million, up by 36.2% compared to RMB4,143.6 million in 2015. In 2015, the reported gross profit were understated by the accounting treatment due to increase of equity interests in certain projects. There was no such accounting impact on the reported gross profit in 2016.

Eliminating the accounting effect of remeasurement of fair value of the costs of relevant properties delivered, the gross profit in 2016 was up by 28.7% compared to the adjusted gross profit in 2015 of RMB4,386.9 million.

Our gross profit margin was 25.4% in 2016, compared to the reported gross margin of 22.7% in 2015 or the adjusted gross profit margin (excluding the accounting effects due to increase of equity interests in certain projects) of 24.1% in 2015. The improvement of our gross profit margin in 2016 compared to 2015 was primarily due to (i) higher profitability of our products delivered during the period, with ASPs contracted and locked-in amid strong real estate market recovery in China since 2015; and (ii) higher proportion of our recognized revenue from residential products for home upgraders which generally have higher profit margins.

Net exchange loss/Gain from hedging arrangements

The Group incurred net exchange loss of RMB378.3 million in 2016 due to the effects of the depreciation of RMB during the year, compared to RMB302.1 million in 2015.

Starting in early 2016, the Group has entered into currency capped forward contracts to hedge certain of its foreign currency exposure in non-RMB denominated indebtedness. Accordingly, the Group in 2016 recorded in a fair value gain on derivative financial instruments of RMB314.8 million (2015: nil) due to the corresponding accounting gains from these hedging arrangements.

Loss on early redemption of senior notes

In 2016, the Group realized a loss on early redemption of the 2018 Due USD Bond of RMB182.3 million (2015: 20.7 million).

Gain on remeasurement and gain from business combinations

In 2016, the Group increased equity interests in certain project resulting in financial consolidation of such project as subsidiary. As a result, the Group recognized a gain of RMB38.3 million in 2016 (2015: RMB166.5 million) from remeasurement of the fair value of the equity interests in certain project companies (which were previously recognized as joint venture or associated companies, before acquisition of the equity interests during the period and thereafter they were recognized as subsidiary) and a gain of RMB33.9 million from business combination in 2016 (2015: RMB76.8 million) for the acquisition of interest of the aforesaid companies, for the excess of fair value of net assets acquired over the consideration.

The project being consolidated as subsidiaries of the Group in 2016 did not contribute to the recognized revenue of the Group in 2016. Thus, the gain from remeasurement and business combination did not affect gross profit of the Group in 2016, but will impact gross profit in future when these subsidiaries contribute to recognized revenue of the Group subsequent to 2016.

Change in fair value of investment properties

In 2016, the Group recognized a fair value loss on investment properties of approximately RMB100.4 million as compared to a fair value gain on investment properties in 2015 of approximately RMB128.1 million.

Selling and marketing expenses

The Group's selling and marketing expenses increased by 41.4% to approximately RMB524.5 million in 2016 from approximately RMB370.9 million in 2015. This increase was in line with the Group's massive new launches of property projects available for pre-sale in 2016. During the period, the Group kept its selling expenses at an appropriate level.

Administrative and other expenses

The Group's administrative expenses increased by 44.7% to approximately RMB878.9 million in 2016 from approximately RMB607.4 million in 2015. This increase was primarily due to the Group's business expansion. During the year, the Group's administrative expenses were kept at a reasonable level due to implementation of stringent cost control and improvement in per capita efficiency.

Share of results of joint ventures and associates

The Group's share of results of joint ventures and associates amounted to profits of RMB1,062.7 million in 2016, versus profits of RMB172.6 million in 2015. Included in the share of results of joint ventures and associated companies in 2016 were RMB127.9 million share of exchange loss (2015: RMB175.6 million) and RMB394.7 million share of gain in the fair value of investment properties under construction (2015: RMB348.7 million).

Eliminating the effects of exchange loss and fair value gains, the Group's share of results of joint ventures and associated companies were profits of RMB795.9 million in 2016, compared to losses of RMB0.5 million in 2015.

Finance costs

The Group's finance costs expensed in 2016 was approximately RMB529.7 million, versus RMB202.9 million in 2015. The change in finance costs expensed was primarily attributable to the change in the total finance costs incurred, net of the portion being capitalized in properties under development during the period.

The Group's total finance costs expensed and capitalized increased by 21.2% to approximately RMB2,150.2 million in 2016 from RMB1,774.0 million in 2015. The increase in total finance costs expensed and capitalized was due to the increase of the Group's total indebtedness level, but partly set off by the decrease in weighted average cost of indebtedness. The Group's total indebtedness was RMB29.4 billion as at 31 December 2016, compared to RMB24.0 billion as at 31 December 2015. The Group's weighted average cost of indebtedness as at 31 December 2016 was 5.5%, compared to 7.2% as at 31 December 2015.

Income tax expenses

The Group's income tax expenses increased by 25.4% to approximately RMB1,672.4 million in 2016 from approximately RMB1,334.0 million in 2015. The Group's income tax expense included payments and provisions made for enterprise income tax ("EIT") and land appreciation tax ("LAT") less deferred taxation during the year. The Group's effective income tax rate decreased to 34.6% in 2016 from 35.1% in 2015.

The Group made LAT provisions of approximately RMB602.2 million in 2016 versus approximately RMB317.9 million in 2015. The Group made actual LAT payments of approximately RMB632.6 million in 2016 versus approximately RMB549.7 million in 2015. As at 31 December 2016, the Group had accumulated unpaid LAT provisions of approximately RMB199.4 million.

Profit for the period

As a result of the factors described above, the Group's profit before taxation increased by 27.1% to approximately RMB4,836.8 million in 2016 from approximately RMB3,804.8 million in 2015. The Group's profit and total comprehensive income for the period increased by 28.1% to approximately RMB3,164.4 million in 2016 from approximately RMB2,470.8 million in 2015. The Group's net profit attributable to equity owners increased by 34.0% to approximately RMB2,807.5 million in 2016 from approximately RMB2,095.5 million in 2015.

The Group's core net profit attributable to equity owners increased by 27.8% to approximately RMB2,824.0 million in 2016 from approximately RMB2,209.8 million in 2015. The Group's core net profit margin was 12.7% in 2016, compared to 12.1% in 2015.

LAND BANK

As at 31 December 2016, the total GFA of the Group's land bank was approximately 17.5 million sq.m., and the attributable GFA of the Group's land bank was approximately 10.5 million sq.m.

Table 4: Breakdown of the Group's land bank as at 31 December 2016

By project

Project	**Primary intended use of the project**	**Remaining unrecognised/ Saleable/ Rentable GFA remaining unsold (carpark excluded)**	**Interest attributable to the Group**
		(sq.m.)	*(%)*
Completed properties			
Yangtze River Delta			
Shanghai CIFI Pujiang International	Office	29,442	100.0
Shanghai CIFI Luxury Courtyard	Residential	5,745	100.0
Shanghai CIFI Comfortable Joyous Bay	Residential	399	100.0
Shanghai CIFI Pebble Beach	Residential	35,584	100.0
Shanghai CIFI Pleasant Garden	Residential	3,658	100.0
Shanghai CIFI City	Residential	14,530	100.0
Shanghai CIFI Samite Life	Residential	5,751	100.0
Shanghai CIFI Jiangwan Mansion	Residential	7,722	100.0
Shanghai CIFI U Block	Office/Commercial	6,639	100.0
Shanghai CIFI Arthur Shire	Residential	5,718	100.0
Shanghai Greenland CIFI E Park	Office/Commercial	12,044	50.0
Shanghai Elite Mansion	Residential	15,849	50.0
Shanghai CIFI Amber Garden	Residential	7,294	35.0
Shanghai Henderson CIFI Centre	Residential, Office/ Commercial	75,039	50.0
Shanghai CIFI Haishang International	Office/Commercial	614	53.0
Shanghai CIFI Haishang International	Investment properties	45,400	53.0
Shanghai CIFI Park Mansion (An Ting)	Residential	37,223	67.5
Shanghai CIFI Shilu	Residential	1,803	100.0
Shanghai CIF Pure Center	Office/Commercial	49,545	45.0
Shanghai CIFI the Great City	Residential	108,876	40.0
Shanghai Shang Kun CIFI Villa	Residential	22,086	50.0
Suzhou CIFI Canal County	Residential	11,063	100.0
Suzhou CIFI Luxury Courtyard	Residential	30,826	100.0
Suzhou CIFI Private Mansion	Residential	9,905	100.0
Suzhou CIFI Private Mansion Usonian City Villa	Residential	11,247	100.0
Suzhou CIFI Elegant City	Residential	25,097	100.0
Suzhou CIFI Shangli	Residential	89,925	100.0
Suzhou CIFI Sunny Life	Residential	6,837	100.0

Project	Primary intended use of the project	Remaining unrecognised/ Saleable/ Rentable GFA remaining unsold (carpark excluded)	Interest attributable to the Group
		(sq.m.)	*(%)*
Suzhou CIFI Apple Paradise	Residential	50,679	50.0
Hefei CIFI Central Park	Residential	1,323	100.0
Hefei CIFI Private Mansion	Residential	34,122	100.0
Hefei CIFI Original Villa	Residential	69,369	67.0
Zhenjiang CIFI Times	Residential and office	17,116	100.0
Nanjing Yincheng CIF Baimalanshan	Residential	62,271	51.0
Jiaxing CIFI Square (Commercial)	Investment properties	82,600	100.0
Jiaxing CIFI Private Mansion	Residential	2,603	100.0
Jiaxing CIFI Ronchamp Town	Residential	79,047	100.0
Hangzhou Henderson CIFI Palace	Residential	32,825	100.0
Hangzhou Greenland CIFI Glorious City	Residential	28,744	50.0
Hangzhou Greenland CIFI Glorious City	Office/Commercial	29,924	50.0
Pan Bohai Rim			
Beijing CIFI Wangxin Commercial Centre	Investment properties	4,900	100.0
Beijing CIFI Olympic City	Office/Commercial	5,629	100.0
Beijing CIFI International Negotiate Garden	Office/Commercial	326	100.0
Beijing CIFI Private Villa Riverside Garden	Residential	14,802	80.0
Beijing CIFI The Education Park	Office/Commercial	82	100.0
Beijing MOMA CIFI Residence	Residential	29,294	50.0
Langfang CIFI Path Walf	Residential	43,611	100.0
Tianjin CIFI Rosedale	Residential	12,083	100.0
Tianjin CIFI Private Mansion	Residential	67,393	100.0
Tianjin CIFI Paradise Bay	Residential	111,310	25.0
Shenyang CIFI Private Mansion	Residential	81,337	100.0
Shenyang CIFI Jin Court	Residential	62,443	100.0
Central Western Region			
Chongqing CIFI Ronchamp Town	Residential	59,045	100.0
Chongqing CIFI Langyuejun	Residential	902	100.0
Chongqing CIFI Purple City	Office/Commercial	100,456	100.0
Chongqing CIFI City	Residential	351,228	100.0
Chongqing CIFI City	Office/Commercial	144,740	100.0
Chongqing CIFI City	Investment properties	44,300	100.0
Changsha CIFI Private Mansion	Residential	107,326	100.0
Changsha CIFI International Plaza	Residential	2,186	100.0
Changsha CIFI International Plaza	Office/Commercial	118,226	100.0

Project	Primary intended use of the project	Remaining unrecognised/ Saleable/ Rentable GFA remaining unsold (carpark excluded)	Interest attributable to the Group
		(sq.m.)	*(%)*
Changsha CIFI Dream Mansion	Residential	31,652	80.0
Wuhan CIFI Private Mansion	Residential	123,177	100.0
Other		3,700	100.0
Carparks		1,795,588	
GRAND TOTAL		4,482,221	

Project	Primary Intended use of the project	Estimated Year of Completion	Site Area	Total GFA under development and held for future development (excluding carparks)	Pre-sold	Interest attributable to the Group
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(%)*
Properties under development and held for future development						
Yangtze River Delta						
Shanghai CIFI La Baie D'Evian	Residential	2017	189,800	24,500	–	100.0
Shanghai Park Mansion (Lujiazui Yangjing Project)	Residential	2016	87,200	30,000	31,477	50.0
Shanghai Lujiazui Yangjing Project	Office/Commercial	2017		196,700	–	50.0
Shanghai Jiuting Center (Songjiang District Jiuting Town Project)	Residential and Commercial	2018-2019	83,400	227,100	–	34.0
Shanghai Baoshan District Luodian Town Meiluo Jiayuan Community No. 01 Project	Office/Commercial	2018	30,185	45,278	–	25.0
Shanghai Minhang District Xinzhuang Town Min Hang New Town Project	Office/Commercial	2018	15,726	51,895	–	50.0
Shanghai Putuo District Changshou Community D5-6 Project	Office/Commercial	2018	11,648	45,427	–	50.0
Suzhou CIFI Park Mansion (Suzhou Industrial Park District Project)	Residential	2017	68,000	108,000	103,174	12.5
Suzhou Henderson CIFI City (Suzhou Gaoxin District Luxury Courtyard South Project)	Residential	2017-2019	171,300	394,100	248,016	50.0
Suzhou North Star CIFI No.1 Coutryard	Residential	2017-2018	178,700	180,500	67,812	50.0
Suzhou CIFI Lake Mansion (Industrial Park District Moon Bay Project)	Residential	2018	131,000	209,700	6,319	40.0
Suzhou Wujiang District Taihu Lake New City	Residential	2019	96,278	173,300	–	50.0
Suzhou Riverside Park, Phase 2	Residential and Commercial	2018	N/A	16,721	–	30.0
Suzhou Riverside Park, Phase 3	Residential and Commercial	2018	N/A	98,397	–	30.0
Suzhou Xiangcheng G3 Project	Office/Commercial	2018	N/A	100,416	–	30.0
Suzhou Wuzhong District, West Mountain Project	Residential	2019	161,766	32,353	–	100.0
Yixing Grand Lakeview	Residential and Commercial	2018-2021	N/A	485,665	–	50.0
Hangzhou Yuhang District Chongxian Xincheng No. 18 Site Project	Residential	2017	35,300	90,800	–	100.0
Hangzhou Longfor CIFI Chunjiang City (Hangzhou Xiaoshan District North XingyiCunProject)	Residential	2017	39,200	109,800	113,313	35.0
Hangzhou Shunfa CIFI Honor Mansion (Hangzhou Xiaoshan District Zhonghui Project)	Residential	2017-2018	55,400	98,300	53,118	30.0

Project	Primary Intended use of the project	Estimated Year of Completion	Site Area	Total GFA under development and held for future development (excluding carparks)	Pre-sold	Interest attributable to the Group
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(%)*
Hangzhou CIFI Times City (Yuhang District New City B-4 Project)	Residential and Commercial	2018	54,100	129,800	23,018	100.0
Hangzhou Vanke CIFI Luna Sea (Xiaoshan District Baolong Project)	Residential and Commercial	2018	57,600	143,900	–	33.0
Hangzhou Xiao Shan District, Olympic Park FG16-04 Project	Commercial	2018	29,800	86,400	–	100.0
Hangzhou Xiaoshan District, Xiaozhengchuchu 2015 – No.32 Project	Residential	2018	57,394	114,788	–	23.0
Hangzhou Yuhang District, Liangzhu New Town, No. 64 Project	Residential	2018	24,596	54,111	5,106	35.0
Hangzhou Xiaoshan District, Xianghu 2016-No. 5 Project	Residential	2018	37,699	75,398	–	29.0
Hangzhou Xihu District, Sandun North Project	Residential	2018	34,172	95,682	–	20.0
Hangzhou Xiaoshan District, Dajiang East Project	Residential	2018	88,494	203,536	–	100.0
Hefei CIFI Park Mansion (Luyang District Project)	Residential	2018-2019	141,700	239,000	95,714	50.0
Hefei CIFI Ronchamp Courtyard (New Station District Project)	Residential	2019	99,972	235,934	151,078	22.5
Hefei CIFI Lake Betsuin (New Station District Project)	Residential	2019	151,780	399,550	151,300	50.0
Zhenjiang CIFI East One Place	Residential	2017	49,400	146,400	143,580	100.0
Ningbo Yinzhou District Zhonggong Temple Project	Residential and Commercial	2018	38,256	72,686	–	100.0
Nanjing CIFI Jiuzhu (Nanjing Jiangning District Project)	Residential	2017	17,300	51,300	40,785	100.0
Nanjing Jiangning District Nanjing South StationWest Area No. 34-35 Project	Residential	2018	28,700	80,400	60,223	100.0
Nanjing North Star CIFI Park Mansion Jin Ling	Residential	2017-2018	25,300	70,700	20,568	49.0
Pan Bohai Rim						
Beijing Vanke World	Office and Commercial	2017	46,924	94,800	44,157	26.5
Beijing CIFI N0.26 Block	Office and Commercial	2017	88,700	206,700	125,804	10.0
Beijing CIFI Yihexiang (Daxing District Yinghai Town Jiangchang Cun Project)	Office	2017	13,500	19,000	167	59.5
Beijing Tianheng CIFI No. 7 Courtyard (Daxing District Pangge Zhuang Town Project)	Commercial and Residential	2017-2018	158,300	266,200	24,302	49.0
Beijing Fangshan District, Gongchen Street, No. 0007 Project	Commercial and Office	2019	10,384	25,960	–	100.0
Tianjin CIFI Yannan Garden (Tianjin Xiqing District Jingwu Town Dananhe North Project)	Residential	2017-2018	122,600	208,500	86,731	100.0

Project	Primary Intended use of the project	Estimated Year of Completion	Site Area	Total GFA under development and held for future development (excluding carparks)	Pre-sold	Interest attributable to the Group
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(%)*
Tianjin CIFI No. 6 Courtyard (Binhai New Area, Sino-Singapore Eco City, 2015-No.3 Project)	Residential	2018	96,089	99,900	20,475	70.0
Tianjin CIFI Ronchamp Courtyard (Haihe Education Park No. 14 Project)	Residential	2019	150,241	202,825	–	25.0
Tianjin Binhai New District, Sino-Singapore Tianjin Eco-city Project	Residential	2019	20,305	49,735	–	35.7
Jinan Huaiyin District, West Station Area Changhe Estate B6 Project	Residential	2018	72,954	218,820	–	20.0
Shenyang CIFI Fantastic Apartmenet (Shenhe District Guangchang Road South Project)	Residential	2018	5,340	15,487	6,659	100.0
Shenyang Gemdale CIFI Jiuyunfenghua (Hunnan District GN-GX-07-27 Project)	Residential	2018	33,108	66,217	–	50.0
Shenyang Tiexi District First Grain Warehouse Project	Residential	2020	84,832	186,630	27,452	100.0
Shenyang Dadong District Vocational and Technical College South-1 Project	Commercial and Residential	2019	55,560	133,344	–	100.0
Shenyang Dadong District Vocational and Technical College South-2 Project	Commercial and Residential	2019	61,451	135,192	–	100.0
Shenyang Dadong District, Vocational and Technical College South Project	Residential	2019-2022	89,354	196,580	–	50.0
Central Western Region						
Chongqing Dongyuan CIFI Jiangshan Yue	Commercial and Residential	2018-2019	325,600	635,700	5,163	30.0
Chongqing Nanan District, Danzishi Project	Commercial and Residential	2018-2019	150,519	443,781	–	33.3
Changsha Henderson Arch of Triumph	Commercial and Residential	2018-2019	N/A	230,222	66,156	30.0
Changsha Kaifu District, Dadi Project	Residential	2018-2019	518,697	830,356	–	50.0

Project	Primary Intended use of the project	Estimated Year of Completion	Site Area	Total GFA under development and held for future development (excluding carparks)	Pre-sold	Interest attributable to the Group
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(%)*
Wuhan Yulong CIFI Peninsula (Hanyang District Hanqiao Village Project)	Commercial and Residential	2017-2019	129,900	289,000	20,828	55.0
Wuhan Hanyang District, Hanqiao Village Project Section B	Commercial and Residential	2019-2021	103,822	481,010	–	55.0
Southern China						
Guangzhou Liwan District No.111, Baihua Road, Bai Hua Xiang Liao Chang Project	Residential	2018	31,900	143,600	–	19.0
Foshan San Shui New Town Huijin Project	Commercial and Residential	2019-2020	114,319	285,796	–	100.0
Foshan San Shui New Town Huaxiang Project	Commercial and Residential	2019-2020	134,001	268,002	–	100.0
Foshan Chancheng District, Haiwu Road North, Fenjianghe Road West Project	Commercial and Residential	2018	72,964	267,143	–	33.3
Sanya Yalong Bay Project	Office and Commercial	2018	46,930	18,772	–	50.0
Carpark				2,103,556	103,862	
TOTAL Properties under development and held for future development				13,041,365	1,846,267	
GRAND TOTAL (Completed, under development and for future development)				17,523,586	1,846,267	

Land acquisition in 2016

In 2016, the Group acquired interests in a total of 36 new projects. During the year, the Group continued utilizing joint ventures strategies to jointly develop the newly acquired projects.

Total planned GFA of the Group's land acquisition in 2016 amounted to approximately 6.5 million sq.m., out of which 3.5 million sq.m. were attributable to the Group's equity interests. Total contracted consideration of the Group's land acquisition amounted to approximately RMB24,113.7 million, out of which RMB13,066.9 million were payable by the Group according to its equity interests in relevant projects. Based on the Group's attributable GFA acquired and the attributable acquisition considerations, the Group's average land acquisition cost in 2016 was approximately RMB3,700 per sq.m.

Table 5: The Group's land acquisition in 2016

City	Project	Intended Primary Use	The Group's equity interest	Site area	Planned GFA (excluding carparks)	Attributable planned GFA (excluding carparks)	Total consideration	Attributable consideration	Average land cost (excluding carparks)
			(%)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB)*	*(RMB)*	*(RMB/sq.m.)*
Land acquisitions in 2016									
Hangzhou	Xiaoshan District Xiaozhengchuchu 2015- No.32 Project	Residential	23.0	57,394	114,788	26,401	673,000,000	154,790,000	5,863
Tianjin	CIFI No. 6 Courtyard (Binhai New Area, Sino-Singapore Eco City, 2015–No. 3 Project)	Residential	70.0	96,089	99,900	69,930	256,568,000	179,600,000	2,568
Hangzhou	Yuhang District Liangzhu New Town No. 64 Project	Residential	35.0	24,596	54,111	18,939	270,880,000	94,808,000	5,006
Shenyang	CIFI Fantastic Apartment (Shenhe District Guangchang Road South Project)	Residential	100.0	5,340	15,487	15,487	62,680,000	62,680,000	4,047
Tianjin	CIFI Ronchamp Courtyard (Haihe Education Park No. 14 Project)	Residential	25.0	150,241	202,825	50,706	902,000,000	225,500,000	4,447
Hangzhou	Xiaoshan District Xianghu 2016–No. 5 Project	Residential	29.0	37,699	75,398	21,865	681,000,000	197,490,000	9,032
Hefei	CIFI Ronchamp Courtyard (New Station District Project)	Residential	22.5	99,972	235,934	53,085	535,000,000	120,375,000	2,268
Hefei	CIFI Lake Betsuin (New Station District Project)	Residential	50.0	151,780	399,550	199,775	910,680,000	455,340,000	2,279
Wuhan	Hanyang District Hanqiao Village Project Section B	Residential/ Commercial	55.0	103,822	481,010	264,556	2,009,800,000	1,190,500,000	4,500
Shenyang	Gemdale CIFI Jiuyunfenghua (Hunnan District GN-GX-07-27 Project)	Residential	50.0	33,108	66,217	33,109	106,940,000	53,470,000	1,615
Ningbo	Yinzhou District Zhonggong Temple Project	Residential/ Commercial	100.0	38,256	72,686	72,686	769,020,000	769,020,000	10,580

City	Project	Intended Primary Use	The Group's equity interest	Site area	Planned GFA (excluding carparks)	Attributable planned GFA (excluding carparks)	Total consideration	Attributable consideration	Average land cost (excluding carparks)
			(%)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB)*	*(RMB)*	*(RMB/sq.m.)*
Suzhou	Wujiang District Taihu Lake New City	Residential	50.0	96,278	173,300	86,650	1,227,540,000	613,770,000	7,083
Shanghai	Shanghai Baoshan District Luodian Town Meiluo Jiayuan Community No. 01 Project	Commercial/Office	25.0	30,185	45,278	11,320	181,000,000	45,250,000	3,998
Shanghai	Shanghai Minhang District Xinzhuang Town Min Hang New Town Project	Commercial/Office	50.0	15,726	51,895	25,948	590,000,000	295,000,000	11,369
Shanghai	Shanghai Putuo District Changshou Community D5-6 Project	Commercial/Office	50.0	11,648	45,427	22,714	1,005,000,000	502,500,000	22,123
Foshan	Foshan San Shui New Town Huijin Project	Residential/ Commercial	100.0	114,319	285,796	285,796	528,720,000	528,720,000	1,850
Foshan	Foshan San Shui New Town Huaxiang Project	Residential/ Commercial	100.0	134,001	268,002	268,002	415,400,000	415,400,000	1,550
Shenyang	Tiexi District First Grain Warehouse Project	Residential	100.0	84,832	186,630	186,630	1,222,430,000	1,222,430,000	6,550
Shenyang	Dadong District Vocational and Technical College South-1 Project	Residential/ Commercial	100.0	55,560	133,344	133,344	346,690,000	346,690,000	2,600
Shenyang	Dadong District Vocational and Technical College South-2 Project	Residential/ Commercial	100.0	61,451	135,192	135,192	367,720,000	367,720,000	2,720
Suzhou	Riverside Park, Phase 2	Residential/ Commercial	30.0	N/A	16,721	5,016	163,000,000	56,018,000	9,748
Suzhou	Riverside Park, Phase 3	Residential/ Commercial	30.0	N/A	98,397	29,519	1,030,000,000	313,458,500	10,468
Suzhou	Xiangcheng District, G3 Project	Commercial	30.0	N/A	100,416	30,125	202,240,000	145,489,700	2,014
Yixing	Grand Lakeview	Residential/ Commercial	50.0	N/A	485,665	242,833	843,600,000	452,959,600	1,737
Changsha	Henderson Arch of Triumph	Residential/ Commercial	30.0	N/A	230,222	69,067	175,670,000	69,425,900	763
Foshan	Chancheng District, Haiwu Road North, Fenjianghe Road West Project	Residential/ Commercial	33.3	72,964	267,143	88,157	2,268,250,000	755,327,200	8,491
Suzhou	Wuzhong District, West Mountain Project	Residential	100.0	161,766	32,353	32,353	420,592,100	420,592,100	13,000
Beijing	Fangshan District, Gongchen Street, No. 0007 Project	Commercial	100.0	10,384	25,960	25,960	513,000,000	513,000,000	19,760
Sanya	Yalong Bay Project	Commercial	50.0	46,930	18,772	9,386	522,990,000	261,495,000	27,860
Shenyang	Dadong District, Vocational and Technical College South Project	Residential	50.0	89,354	196,580	98,290	437,000,000	218,500,000	2,223

City	Project	Intended Primary Use	The Group's equity interest	Site area	Planned GFA (excluding carparks)	Attributable planned GFA (excluding carparks)	Total consideration	Attributable consideration	Average land cost (excluding carparks)
			(%)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB)*	*(RMB)*	*(RMB/sq.m.)*
Tianjin	Binhai New District, SinoSingapore Tianjin Eco-city Project	Residential	35.7	20,305	49,735	17,755	262,050,000	93,551,900	5,269
Chongqing	Nanan District, Danzishi Project	Residential/ Commercial	33.3	150,519	443,781	147,779	1,170,000,000	389,610,000	2,636
Hangzhou	Xihu District, Sandun North Project	Residential	20.0	34,172	95,682	19,136	688,000,000	137,600,000	7,190
Hangzhou	Xiaoshan District, Dajiang East Project	Residential	100.0	88,494	203,536	203,536	885,090,000	885,090,000	4,349
Changsha	Kaifu District, Dadi Project	Residential	50.0	518,697	830,356	415,178	702,411,200	360,205,600	868
Jinan	Huaiyin District, West Station Area Changhe Estate B6 Project	Residential	20.0	72,954	218,820	43,764	767,777,900	153,555,600	3,509
Land acquisition subsequent to 31 December 2016 (and up to the date of the results announcement)									
Beijing	Fengtai Distric, Zhuangwei B10 Project	Commercial	100.00	5,200	15,500	15,500	620,130,000	620,130,000	40,128
Tianjin	Jinghai District, Tuanboyishan County Project	Residential	40.00	55,800	139,400	55,800	628,000,000	251,200,000	4,505
Tianjin	Dongli District, Xiaowangzhuang Project	Residential	25.00	72,400	144,700	36,200	760,000,000	190,000,000	5,252
Hong Kong	Nos. 44, 46, 48 & 50, Chung Hom Kok Road, No.1 Horizon Drive	Residential	100.00	N/A	Net saleable area: 2,450 sq.m. (26,369 sq.ft.)	Net saleable area: 2,450 sq.m. (26,369 sq.ft.)	HK$ 1,588,000,000	HK$ 1,588,000,000	HK$ 60,222/sq.ft.
Changsha	Tianxin District, Aoyuan South Project	Residential/ Commercial	100.00	30,100	90,200	90,200	502,880,000	502,880,000	5,573
Wuxi	Huixin District, Qianqiao Street, Yangxirenjia North Project	Residential	100.00	90,500	271,600	271,600	1,068,000,000	1,068,000,000	3,932
Wuxi	Huishan District, Qianqiao Street, Shangwei Road North Project	Residential	100.00	47,400	142,200	142,200	591,000,000	591,000,000	4,156
Beijing	Fangshan District, Fangshan Street No.2 Project	Residential	50.00	53,600	101,500	50,800	1,810,000,000	905,000,000	17,831
Chongqing	Dadukou District Project	Residential	45.00	26,400	105,600	47,500	374,000,000	168,300,000	3,542
Zhengzhou	Erqi District No.225 Project	Residential	20.00	69,400	173,600	34,700	988,880,000	197,776,000	5,696
Hefei	Hi-tech Industry Development Zone, TF 4 Project	Residential	15.20	104,800	225,200	34,200	1,380,000,000	209,760,000	6,127

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2016, the Group had cash and bank balances of approximately RMB20,328.4 million (31 December 2015: approximately RMB14,873.7 million) and pledged bank deposits of approximately RMB348.9 million (2015: RMB31.5 million).

Indebtedness

As at 31 December 2016, the Group had outstanding total borrowings amounted to approximately RMB29,391.1 million (31 December 2015: RMB23,954.9 million), comprising bank and other loans of approximately RMB13,566.6 million (31 December 2015: RMB11,657.9 million), onshore corporate bonds with carrying amounts of RMB10,141.5 million (31 December 2015: RMB4,021.0 million) and offshore senior notes with carrying amounts of RMB5,683.0 million (31 December 2015: RMB8,276.0 million).

Cost of borrowings

The Group's total finance costs expensed and capitalized in 2016 was approximately RMB2,150.2 million, representing an increase of 21.2% from RMB1,774.0 million in 2015. The increase was due to the increase of the Group's total indebtedness level, but partly set off by the decrease in weighted average cost of indebtedness.

The Group's weighted average cost of all indebtedness (including bank and other loans, onshore corporate bonds and offshore senior notes) as at 31 December 2016 was 5.5%, compared to 7.2% as at 31 December 2015. The decrease in weighted average cost of indebtedness during the period was primarily attributable to the effective liability management exercised by the Group.

Foreign currency risk

The Group conducts its business primarily in Renminbi. The Group's certain bank deposits are denominated in Hong Kong dollars and United States dollars, and the majority of the Group's offshore bank loans and senior notes are denominated in United States dollars and Hong Kong dollars.

Starting in early 2016, the Group has adopted a hedging policy to actively manage its currency risk exposure concerning non-RMB denominated indebtedness. The Group may, depending on the circumstances and trend of currency rates, consider and enter into hedging arrangements to mitigate the impact of RMB depreciation.

It is the Group's policy to utilize the most appropriate and cost effective hedging instruments to hedge its currency risk exposure of non-RMB denominated indebtedness. The Group's hedging arrangements shall, to the extent possible, match the value and the maturity of the relevant non-RMB denominated indebtedness being hedged.

Based on the above policy, the Group has entered into US dollar versus offshore RMB capped forward contracts to hedge certain of its foreign currency exposure in non-RMB denominated indebtedness. Under such currency capped forward contracts, on the expiry date:

– if the then prevailing US dollar versus offshore RMB exchange rate ("Expiry Rate") is less than or equal to the pre-specific capped rate ("Capped Rate"), the Group shall buy the contract amount of US dollar against offshore RMB at the pre-specified contract rate ("Strike Rate"); or

– if the Expiry Rate is greater than the Cap Rate, the Group shall receive the amount of relevant depreciation amount of offshore RMB against US dollar up to the Cap Rate ("Capped Amount").

The capped forward contracts utilized by the Group had contract values and expiry dates matching the outstanding amounts and maturity dates of the specific US dollar or Hong Kong dollar denominated indebtedness being hedged. These capped forward contracts enable the Group to lock-in to the relevant pre-specified Strike Rate of US dollar versus RMB exchange rate for the repayment of its outstanding non-RMB denominated indebtedness. However, the Group's protection against RMB depreciation will be limited up to the extent of the relevant Capped Rates. As at 31 December 2016, the Group had entered into capped forward contracts with an aggregate contract value of US$1,098 million at Capped Rates of between 6.9 and 7.3. Subsequent to 31 December 2016, the Group had further entered into additional capped forward contracts with an aggregate contract value of US$450 million at Capped Rate of 7.5.

Other than those disclosed above, the Group did not have any other material exposures to foreign exchange fluctuations or any other hedging arrangements as at 31 December 2016. The Group will monitor its foreign currency exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adjusting its foreign currency hedging policy in the future.

Financial guarantees

The Group has provided mortgage guarantees to PRC banks in respect of the mortgage loans provided by the PRC banks to the Group's customers. The Group's mortgage guarantees are issued from the dates of grant of the relevant mortgage loans and released upon the earlier of (i) the relevant property ownership certificates being obtained and the certificates of other interests with respect to the relevant properties being delivered to the mortgagee banks, or (ii) the settlement of mortgage loans between the mortgagee banks and the Group's customers. As at 31 December 2016, the Group provided mortgage guarantees in respect of mortgage loans provided by the PRC banks to the Group's customers amounting to approximately RMB7,644.6 million (versus 31 December 2015: approximately RMB3,644.2 million).

During the year, certain of the Group's joint ventures and associates have utilized offshore and/or onshore bank loans. The Company provided guarantees on several basis covering its respective equity shares of outstanding obligations under certain offshore and/or onshore bank loans incurred by its joint ventures and associated companies. As at 31 December 2016, the Group's aggregate share of such guarantees provided in respective of loans incurred by these joint ventures amounted to approximately RMB3,574.0 million (31 December 2015: approximately RMB2,744.2 million).

Gearing ratio

The Group's net debt-to-equity ratio (total indebtedness net of bank balances and cash divided by total equity) was approximately 50.4% as at 31 December 2016 versus approximately 59.2% as at 31 December 2015. The Group's debt-to-asset ratio (total indebtedness divided by total assets) was approximately 33.2% as at 31 December 2016 versus approximately 35.5% as at 31 December 2015. The Group's current ratio (current assets divided by current liabilities) was approximately 1.6 times as at 31 December 2016 versus approximately 1.8 times as at 31 December 2015.

HUMAN RESOURCES AND COMPENSATION POLICY

As at 31 December 2016, the Group's property development and property investment business had approximately 2,600 full-time employees in China including Hong Kong, out of them, approximately 2,300 employees worked for the property development business, approximately 160 for the commercial property leasing and management business.

The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consisted of basic salary, cash bonus and share-based incentives.

PAYMENT OF FINAL DIVIDEND

The Board recommends the payment of a final dividend for 2016 (payable in cash with a scrip option) of RMB11.50 cents per share (the "Proposed Final Dividend" as defined in the section headed "Chairman's Statement" of this annual results announcement). The Proposed Final Dividend shall be declared in RMB and paid in Hong Kong dollars and will be converted from RMB into Hong Kong dollars at the average middle rate of RMB to Hong Kong dollars as announced by the PBOC Exchange Rate for the five business days preceding the date of declaration of dividend. Based on the prevailing PBOC Exchange Rate, the Proposed Final Dividend is equivalent to HK13 cents per cent.

Subject to the approval of the Proposed Final Dividend by the shareholders at the annual general meeting to be held on Friday, 21 April 2017 (the "2017 AGM"), the Proposed Final Dividend will be payable in cash but shareholders will have an option to receiving the Proposed Final Dividend in cash or in form of new fully paid shares of the Company ("scrip shares") in respect of part or all of the Proposed Final Dividend (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the Proposed Final Dividend at the 2017 AGM and the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued under the Scrip Dividend Scheme.

A circular containing details of the Scrip Dividend Scheme together with relevant election form will be dispatched to the shareholders on or about Friday, 5 May 2017. It is expected that the cheques for cash dividends or if scrip shares are elected, the certificates for the scrip shares will be sent on or about Friday, 26 May 2017 to the shareholders whose names appear on the register of members of the Company on Friday, 28 April 2017.

CLOSURE OF THE REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the 2017 AGM

The register of members of the Company will be closed from Tuesday, 18 April 2017 to Friday, 21 April 2017, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2017 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 13 April 2017.

(b) For determining the entitlement to the Proposed Final Dividend

The register of members of the Company will be closed from Thursday, 27 April 2017 to Friday, 28 April 2017, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the Proposed Final Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 26 April 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year,the Company purchased a total of 18,500,000 shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK$26,086,000 and all the 18,500,000 repurchased shares were cancelled on delivery of the share certificates. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month	**Total number of shares**	**Highest price paid per share** *HK$*	**Lowest price paid per share** *HK$*	**Approximate aggregate consideration** *HK$*
January 2016	18,500,000	1.45	1.37	26,086,000
	18,500,000			26,086,000

During the year, a wholly-owned subsidiary of the Company repurchased an aggregate principal value of US$10,000,000 of the 2018 Due USD Bonds for an aggregate consideration (before accrued interest) of US$10,811,500 and cancellation of the repurchased 2018 Due USD Bonds was completed. All the outstanding 2018 Due USD Bonds were fully redeemed by the Company ahead of maturity and delisted from the Stock Exchange in April 2016.

Subsequent to 31 December 2016 and up to the date of this annual results announcement, all the outstanding 2019 Due USD Bonds were fully redeemed by the Company ahead of maturity and delisted from the Stock Exchange in February 2017.

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

CORPORATE GOVERNANCE

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year under review.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by the Directors. Upon specific enquiries of all the Directors, each of them have confirmed that they complied with the required standards set out in the Model Code during the year under review.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors, the management shareholders of the Company nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group. In particular, Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, being the executive Directors and the controlling shareholders of the Company, declared that they did not engage in business competed or might compete with the business of the Group during the year and they have complied with the undertakings given under the Deed of Non-competition as disclosed in the prospectus of the Company dated 13 November 2012. The independent non-executive Directors did not notice any incident of non-compliance of such undertakings.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, Mr. TAN Wee Seng (being the chairman of the Audit Committee), Mr. GU Yunchang and Mr. ZHANG Yongyue. The Audit Committee is satisfied with its review of the remuneration and the independence of the auditor, Deloitte Touche Tohmatsu, and recommended the Board to re-appoint Deloitte Touche Tohmatsu as the Company's auditor for 2017, which is subject to the approval of the shareholders of the Company at the 2017 AGM. The Company's annual results for the year ended 31 December 2016 have been reviewed by the Audit Committee, which opines that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

THE BOARD OF DIRECTORS

As at the date of this announcement, the Board consisted of six Directors comprising Mr. LIN Zhong (Chairman), Mr. LIN Wei (Vice-chairman) and Mr. LIN Feng (Chief Executive Officer) as the executive Directors; and Mr. GU Yunchang, Mr. ZHANG Yongyue and Mr. TAN Wee Seng as the independent non-executive Directors. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.cifi.com.cn. The 2016 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
CIFI Holdings (Group) Co. Ltd.
LIN Zhong
Chairman

Hong Kong, 8 March 2017

Notes:

The expression "we", "us", "CIFI" and "Company" may be used to refer to our Company or our Group as the context may require.

References to our "land bank", "development projects", "property projects" or "projects" refer to our property projects with land for which we have obtained land-use rights and property projects for which we have not obtained land-use rights but have entered into the land grant contracts or received successful tender auction confirmations as at the relevant dates.

The site area information for an entire project is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available.

The figures for GFA are based on figures provided in or estimates based on the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate.