雅居樂

AGILE GROUP HOLDINGS LIMITED

(*Incorporated in the Cayman Islands with limited liability*)

(Stock Code: 3383)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

Financial Highlights

	For the year ended 31 December		
	2016	2015	Change
Revenue *(RMB million)*	**46,679**	43,004	+8.5%
Gross profit *(RMB million)*	**12,366**	10,813	+14.4%
Net profit *(RMB million)*	**3,050**	2,302	+32.5%
Profit attributable to shareholders of the Company *(RMB million)*	**2,284**	1,390	+64.3%
Core profit attributable to shareholders of the Company* *(RMB million)*	**2,744**	2,429	+13.0%
Basic earnings per share *(RMB)*	**0.588**	0.358	+64.2%
Distributed interim dividend per share *(HK cents)*	-	-	N/A
Proposed final dividend per share *(HK cents)*	**20.0**	14.5	+37.9%
Full year dividend per share *(HK cents)*	**20.0**	14.5	+37.9%
Proposed special dividend per share *(HK cents)*	**25.0**	25.0	-

* *Profit attributable to shareholders of the Company excluding (i) fair value gains on revaluation of investment properties and the related tax effect; (ii) foreign exchange loss/gain and (iii) gains in fair value of derivative financial instruments*

Operational Highlights

- For the year 2016, the Group's pre-sales was RMB52,820 million, representing an increase of 19% when compared with last year. The GFA presold was 5.30 million sq.m, representing an increase of 5% when compared with last year. The average selling price was RMB9,962 per sq.m., representing an increase of 14% when compared with last year. During the year, the Group had 69 projects available for sale.

- During the year, the Group acquired land parcels in Beijing, Changzhou, Foshan, Guangzhou, Hainan, Huizhou, Suzhou, Wuhan, Zhengzhou, Zhongshan, Zhuhai and South San Francisco of USA with a total planned attributable GFA of 2.32 million sq.m.. Total consideration attributable by the Group was RMB19,200 million. As at 31 December 2016, the Group had an aggregate land bank with a total planned GFA of approximately 32.60 million sq.m. in 46 cities and districts.

- During the year, the Group successfully issued RMB1,600 million 4.7% domestic corporate bonds due 2021, RMB1,200 million 5.8% domestic non-public corporate bonds due 2020, RMB3,000 million 4.98% domestic non-public corporate bonds due 2020, RMB1,800 million 4.6% domestic non-public corporate bonds due 2021, RMB1,200 million 5.7% domestic non-public corporate bonds due 2023, and RMB1 billion 5% to 6% asset-backed securities backed by property management fee receivable due 2021, and was granted a 3-year syndicated loan of HKD6,707 million and a 3-year bank loan of HKD780 million. In addition, the Group redeemed in full its USD650 million 8.875% senior notes due 2017.

- During the year, revenue of property management has increased by 31.4% to RMB1,069 million when compared with last year. The total contracted GFA of projects managed by the Group was 57.56 million sq.m.. Revenue of hotel operations was RMB670 million, which was comparable with last year. Revenue of property investment has increased by 95.5% when compared with last year. The occupancy rate of Guangzhou Agile Center and Agile International Plaza Shanghai have reached over 90% and 70% respectively.

- As at 31 December 2016, the Group's total cash and bank deposits amounted to RMB22,311 million and its undrawn borrowing facilities stood at RMB2,400 million. As at 31 December 2016, the net debt to total equity ratio of the Group was 49.1%, representing a significant decrease of 14.9 percentage points when compared with 31 December 2015.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to report the audited consolidated results of Agile Group Holdings Limited ("Agile" or the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016 as follows:

Results and dividends

During the year, the revenue and gross profit of the Group were RMB46,679 million and RMB12,366 million, representing an increase of 8.5% and 14.4% respectively when compared with last year. Net profit amounted to RMB3,050 million, representing an increase of 32.5%. Overall gross profit margin and net profit margin were 26.5% and 6.5%, representing an increase of 1.4 percentage points and 1.1 percentage points respectively when compared with last year.

During the year, the Group's total recognised sales of property development was RMB44,752 million, representing an increase of 8.0% when compared with last year. Revenue from property management and property investment also increased by 31.4% and 95.5%. Revenue from hotel operations was comparable with last year.

Taking into account the Group's business development needs and shareholders' investment returns, the board of directors of the Company (the "Board") has proposed the declaration and payment of a final dividend of HK20.0 cents per ordinary share for the year ended 31 December 2016. To celebrate the 25th anniversary of the Group and to appreciate the long-term support of the shareholders, the Board has also proposed the declaration and payment of a special dividend of HK25.0 cents per ordinary share.

Business review

During the year, the Group achieved objectives set at the beginning of the year and honoured its commitments on business results after the reform, with breakthroughs in a number of areas. Both the pre-sales and the cash collection in the property development business hit a record high. Financial position was substantially improved, with strong cash flows. Onshore financing channels were more flexible, while gearing ratio was further reduced. Meanwhile, the selling and marketing costs and administrative expenses were properly managed, giving a strong boost to development in future years. Such good results were achieved not only due to favourable factors in the market, but also due to the Group's improved management.

In respect of the property development business, during the year, property market of China showed signs of recovery with a strong demand of first time home buyers, contributing to the increase of selling price in many cities. The Group capitalised on market opportunities by launching projects in a timely manner at reasonable prices. Flexible marketing strategies to clear the inventories continued to be effective, with satisfactory performance in terms of both sales and cash collection. During the year, the Group's pre-sales in the property development business was RMB52,820 million, representing an increase of 19% over last year. The GFA pre-sold was 5.30 million sq.m., with a corresponding average selling price of RMB9,962 per sq.m., representing an increase of 5% and 14% respectively when compared with last year.

The Group maintained its leading position in different markets. In Zhongshan and Guangzhou, the Group had reached remarkable pre-sales of over RMB10,000 million and RMB8,000 million respectively, while the average selling price had increased by 41.3% and 35.7% respectively; Hainan Clearwater Bay continued to be one of the most popular tourism property projects in China and achieved nearly RMB9,000 million pre-sales with good profit margin; the Group achieved steady growth of pre-sales in Eastern China Region with RMB11,000 million; and other regions were showing stable pre-sales performance. During the year, total recognised sales from property development of the Group was RMB44,752 million, representing an increase of 8.0% when compared with last year, reaching a record high.

In respect of other businesses, with more properties delivered and the vigorous expansion of third-party businesses during the year, the Group's revenue from property management increased by 31.4%, together with good performance in broadening sources of income and reducing operating expenses. Revenue from property investment business increased by 95.5% when compared with last year, of which, Guangzhou Agile Center recorded an occupancy rate of over 90%. Revenue from hotel operations was comparable with last year.

Strengthening management for better profits

During the year, the Group further strengthened its management. With a view to maintaining reasonable profitability, the Group adopted a multi-pronged strategy in promoting project development efficiency and lowered inventory level through sales-based production and dynamic adjustments, resulted in a significant rise in the gross profit margin during the second half of the year, which was 32.5%, when compared with that of the first half, which was 20.0%, with the annual overall gross profit margin being 26.5%. During the year, the core profit attributable to shareholders of the Company was RMB2,744 million, representing an increase of 13.0% when compared with last year.

The Group believes that timely introduction of products tailored to market demand is particularly important to ensure stable growth of the property development business. During the year, the Group continued to optimise its product mix by focusing on products catering for end-users' and upgraders' demands, supplemented by quality tourism property products of health care, retirement and holiday purposes, as well as high-end products tailored to market demands. In addition, the Group continued to enhance its product quality. During the year, the Group developed dozens of new flat types and a number of new facades. It also endeavoured to optimise the interior design and details and to improve the landscaping of its projects, so as to maintain its leading position in the industry and to provide residents with a comfortable environment.

Seeking opportunities actively to promote diversified business development

During the year, the Group made intensive efforts to expand its existing businesses and to explore other business opportunities, laying a solid foundation for its long-term development.

In line with its development, the Group strategically procured premium land parcels of 2.32 million sq.m. in total planned attributable GFA in Beijing, Changzhou, Foshan, Guangzhou, Hainan, Huizhou, Suzhou, Wuhan, Zhengzhou, Zhongshan and Zhuhai and South San Francisco of the USA. Total consideration attributable by the Group was RMB19,200 million. As at 31 December 2016, the Group had a premium land bank with an estimated GFA of about 32.60 million sq.m. in 46 cities and districts, laying a solid cornerstone for its property development business.

In respect of property management, the Group continued to expand the "A-Living" business and to improve services of the "A-Steward" online platform. It also cooperated with partners in various areas, with a view to providing residents and tenants with more diversified services. As at 31 December 2016, the Group's contracted GFA under management was 57.56 million sq.m.. In respect of hotel operations, the Group continued to optimise its services, expand marketing channels, broaden sources of income and reduce operating expenses. In respect of the new environmental protection business, the Group continued to optimise the technologies and management of existing projects and further expanded the business.

Substantially improved financial position and diversified financing channels

Sound financial position has been the pillar supporting the Group's business development. Therefore, the Group made active efforts to enhance its cash flow management during the year and endeavoured to further accelerate the sales turnover. It also strengthened capital and budget management and optimised cost and expenditure control. Meanwhile, the Group consolidated and optimised its debt structure through a number of financing channels onshore and offshore. On the onshore front, the Group issued RMB1,600 million corporate bonds due 2021 with a coupon rate of 4.7%, RMB1,200 million non-public corporate bonds due 2020 with a coupon rate of 5.8%, RMB3,000 million non-public corporate bonds due 2020 with a coupon rate of 4.98%, RMB1,800 million non-public corporate bonds due 2021 with a coupon rate of 4.6%, RMB1,200 million non-public corporate bonds due 2023 with a coupon rate of 5.7% and RMB1 billion 5% to 6% asset-backed securities backed by property management fee receivable due 2021. It also obtained a HKD6,707 million 3-year syndicated loan and a HKD780 million 3-year bank loan. In addition, the Company redeemed in full the USD650 million 8.875% senior notes due 2017.

During the year, the Group's overall cash collection recorded a significant improvement. The Group had strong cash flows and successfully lowered its gearing ratio. As at 31 December 2016, the Group's total cash and bank deposits amounted to RMB22,311 million and its undrawn borrowing facilities stood at RMB2,400 million. As at 31 December 2016, the net debt to total equity ratio of the Group was 49.1%, representing a significant decrease of 14.9 percentage points when compared with 31 December 2015.

Furthermore, the Group's cost of borrowings was reduced when compared with last year. During the year, the total cost of borrowings of the Group was RMB3,275 million, representing a decrease of RMB146 million when compared with RMB3,421 million last year. The decrease was mainly attributable to lower borrowing rate during the year compared to last year. Taking into consideration of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the year was 7.6%. Furthermore, the weighted average funding cost of 2016 new borrowings was around 6.1%.

In order to reduce risks arising from exchange rate movements in USD-and HKD-denominated debts, the Group reduced the percentage of foreign currency borrowings during the year and concluded capped forward contracts of USD1,605 million and HKD4,450 million respectively. And the Group recorded fair value gains in derivatives financial instruments of RMB562 million arising from the said contracts as a deduction of finance costs during the year. As at 31 December 2016, the notional amount of the capped forward contracts entered into by the Group has covered about 80% of the Group USD and HKD-denominated indebtedness.

Good corporate governance and multi-channel communications

The Group upholds the concept of “mutual communication for a win-win situation”. Subject to the requirements of the Listing Rules and laws, the Group maintains effective mutual communication and builds long-standing, stable relationships with commercial banks, investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency.

A responsible corporate citizen in pursuit of sustainable development

Upholding the belief of “benefiting from society, giving back to society”, the Group is committed to fulfilling its corporate social responsibilities. During the year, RMB81 million charitable donations were made. The Group firmly believes that environmental protection is a key part in its sustainable development, and strives to contribute to environmental protection from project planning to completion and sale, as well as property management and hotel operations. Furthermore, the Group actively promotes environmental education and encourages the staff to practise low carbon living.

Prospects and strategy

Looking ahead, the overall economy of China is expected to maintain steady growth in 2017. The Group will continue to uphold the philosophy of prudent development, adopt a strategy of diversified development and drive the steady growth of all its business segments. Apart from expanding property development and promoting steady profit growth, the Group will also accelerate its development and enhance its competitiveness in business segments such as property management, hotel operations, property investment and environmental protection. More profit centres will be created. At the same time, the quality of the Group's products and services should be further optimised with a customer-oriented approach.

While steadily expanding its businesses, the Group will strive to maintain robust cash flows and a reasonable profit margin. By means of accelerating sales turnover, enhancing financing ability, reducing financing costs, allocating resources in an orderly manner and reducing operating expenses, the Group is strive to continue the profit growth trend in the second half of 2016 and to achieve sustainable development. The Group has engaged professional advisers to review and advise on the feasibility, structure and timing of the potential spin-off listing of its property management business, in order to realise value of the business and enhance shareholders’ return.

A premium land bank is the cornerstone of the property development business. The Group will adopt an active but prudent strategy in land acquisition, with priority given to opportunities in cities where existing projects with a competitive edge are located, as well as first- and second-tier cities with substantial growth potential. With thorough analysis and planning, the Group will strategically acquire premium land parcels when opportunity arises. It will continue to improve its geographic diversification and optimise its product structure. Meanwhile, the Group will continue to control costs effectively through product standardisation, and will implement strict construction management to ensure effective management of resources for sale.

The Group will continue to enhance its overall management and execution capability, with a view to laying a solid foundation for healthy development in the long term, by further streamlining the decision-making process, with ongoing control on administrative expenses and enhancement of efficiency.

The Group is confident that, with the above measures and the efforts of all staff, it will be able to drive its overall business growth steadily and further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will also continue its promise of undertaking corporate social responsibilities and contributing to society by taking part in charity affairs.

Acknowledgement

On behalf of the Board, I would like to extend my heartfelt gratitude to the enormous support from our shareholders and customers, as well as the dedicated efforts of all our staff members, which enable Agile to grow and to achieve good results.

CHEN Zhuo Lin
Chairman and President

Hong Kong, 15 March 2017

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2016	**2015**
	Note	***(RMB'000)***	*(RMB'000)*
Revenue	*2*	**46,678,865**	43,004,312
Cost of sales		**(34,313,168)**	(32,191,005)
Gross profit		**12,365,697**	10,813,307
Selling and marketing costs		**(2,097,973)**	(1,785,859)
Administrative expenses		**(1,458,191)**	(1,444,024)
Fair value gains on investment properties	*3*	**42,960**	62,523
Other losses, net	*4*	**(334,708)**	(139,387)
Other income	*5*	**278,662**	212,162
Other expenses		**(195,880)**	(82,439)
Operating profit		**8,600,567**	7,636,283
Finance costs, net	*6*	**(1,124,531)**	(1,325,206)
Share of post-tax losses of associates		**(3,375)**	(27,190)
Share of post-tax gains/(losses) of joint ventures		**10,453**	(87,400)
Profit before income tax		**7,483,114**	6,196,487
Income tax expenses	*7*	**(4,433,480)**	(3,894,950)
Profit for the year		**3,049,634**	2,301,537
Profit attributable to:			
Shareholders of the Company		**2,283,640**	1,390,343
Holders of Perpetual Capital Securities		**415,263**	358,565
Non-controlling interests		**350,731**	552,629
		3,049,634	2,301,537
Earnings per share from operations attributable to the shareholders of the Company for the year (expressed in Renminbi per share)			
— Basic	*8*	**0.588**	0.358
— Diluted	*8*	**0.588**	0.358

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2016	2015
	(RMB'000)	*(RMB'000)*
Profit for the year	**3,049,634**	2,301,537
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
- Revaluation gains arising from transfer of property, plant and equipment and land use rights to investment property, net of tax	-	21,337
- Share of other comprehensive income of investments accounted for using the equity method	-	-
Items that may be reclassified to profit or loss		
- Currency translation differences	**(8,226)**	16,736
Total comprehensive income for the year	**3,041,408**	2,339,610
Attributable to:		
- Shareholders of the Company	**2,277,882**	1,423,395
- Holders of the Perpetual Capital Securities	**415,263**	358,565
- Non-controlling interests	**348,263**	557,650
	3,041,408	2,339,610

CONSOLIDATED BALANCE SHEET

	Note	**As at 31 December 2016**	As at 31 December 2015
		(RMB'000)	*(RMB'000)*
ASSETS			
Non-current assets			
Property, plant and equipment		**7,309,147**	6,651,965
Land use rights		**2,029,966**	1,940,762
Intangible assets		**55,357**	54,400
Investment properties	*3*	**6,326,943**	6,369,011
Properties under development		**9,510,651**	6,798,703
Interests in associates		**114,461**	3,375
Interests in joint ventures		**4,624,663**	1,133,448
Available-for-sale financial assets		**277,500**	117,500
Derivative financial instruments		**254,497**	-
Receivables from the associate and joint ventures	*10*	**4,383,129**	3,554,716
Deferred income tax assets		**699,275**	570,208
		35,585,589	27,194,088
Current assets			
Properties under development		**36,706,691**	44,523,607
Completed properties held for sale		**13,976,133**	16,888,695
Prepayments for acquisition of land use rights		**9,614,483**	5,540,880
Trade and other receivables	*10*	**11,462,643**	8,383,115
Prepaid income taxes		**1,760,871**	1,645,454
Derivative financial instruments		**307,870**	-
Restricted cash		**9,878,734**	5,729,642
Cash and cash equivalents		**12,431,884**	7,407,450
		96,139,309	90,118,843
Total assets		**131,724,898**	117,312,931
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium	*11*	**4,290,028**	5,097,967
Shares held for Share Award Scheme		**(156,588)**	(156,588)
Other reserves		**3,092,833**	3,044,577
Retained earnings		**28,083,330**	26,322,308
		35,309,603	34,308,264
Perpetual Capital Securities		**5,597,503**	4,488,659
Non-controlling interests		**3,248,124**	3,198,064
Total equity		**44,155,230**	41,994,987

CONSOLIDATED BALANCE SHEET (Continued)

	Note	**As at 31 December 2016**	As at 31 December 2015
		(RMB'000)	*(RMB'000)*
LIABILITIES			
Non-current liabilities			
Borrowings		**31,180,908**	23,543,043
Deferred income tax liabilities		**1,137,167**	1,243,798
		32,318,075	24,786,841
Current liabilities			
Borrowings		**12,815,016**	16,487,415
Trade and other payables	*12*	**21,101,960**	15,620,891
Advanced proceeds received from customers		**10,617,432**	7,110,576
Current income tax liabilities		**10,717,185**	11,312,221
		55,251,593	50,531,103
Total liabilities		**87,569,668**	75,317,944
Total equity and liabilities		**131,724,898**	117,312,931

Notes:

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "HKFRS") and requirement of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, derivative financial instruments and investment properties, which are carried at fair value.

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

(a) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

- HKFRS 14 "Regulatory deferral accounts"
- Amendments to HKFRS 11 "Accounting for acquisitions of interests in joint operations"
- Amendments to HKAS 16 and HKAS 38 "Clarification of acceptable methods of depreciation and amortisation"
- Amendment to HKAS 27 "Equity method in separate financial statements"
- Annual improvements 2014
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 "Investment entities: applying the consolidation exception"
- Amendments to HKAS 1 "Disclosure initiative"

The adoption of these new and amended standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2016 and have not been early adopted:

	Effective for accounting periods beginning on or after
Amendments to HKAS 12 "Income Taxes"	1 January 2017
Amendments to HKAS 7 " Statement of Cash Flows"	1 January 2017
HKFRS15 "Revenue from Contracts with Customers"	1 January 2018
HKFRS 9 "Financial Instruments"	1 January 2018
HKFRS 16 "Leases"	1 January 2019
Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined

1 Basis of preparation (continued)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2016 and have not been early adopted: (continued)

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations.

The amendments to HKAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments to HKAS 12 on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

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

- revenue from service - the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.
- accounting for certain costs incurred in fulfilling a contract - certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and
- rights of return HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

1 Basis of preparation (continued)

(b) *The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2016 and have not been early adopted: (continued)*

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

The amendments to HKFRS 10 and HKAS 28 address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

HKFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

1 Basis of preparation (continued)

(b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2016 and have not been early adopted: (continued)

The standard will affect primarily the accounting for Group's operating leases. Management expects there will be no significant impact on the Group's financial statements when it becomes effective as the Group does not have material lease arrangements as lessee.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2 Segment information

The executive directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into four business segments: property development, property management, hotel operations and property investment. The associate and joint ventures of the Group are principally engaged in property development and are included in the property development segment. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

Analysis of revenue by the category for the years ended 31 December 2016 and 2015 is as follows:

Revenue:	**2016**	2015
	(RMB'000)	*(RMB'000)*
Sales of developed properties	**44,751,782**	41,421,174
Property management services	**1,068,536**	812,940
Hotel operations	**669,983**	673,735
Rental income from investment properties	**188,564**	96,463
	46,678,865	43,004,312

2 Segment information (continued)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2016 and 2015 are as follows:

Year ended 31 December 2016

	Property development (RMB'000)	Property management (RMB'000)	Hotel operations (RMB'000)	Property investment (RMB'000)	Elimination (RMB'000)	Group (RMB'000)
Gross segment sales	44,751,782	1,453,157	669,983	188,564		47,063,486
Inter-segment sales	-	(384,621)	-	-		(384,621)
Sales to external customers	44,751,782	1,068,536	669,983	188,564		46,678,865
Fair value gains on investment properties (note 3)	-	-	-	42,960		42,960
Operating result	8,633,470	303,913	(223,930)	97,740		8,811,193
Share of post-tax losses of associates	(3,375)	-	-	-		(3,375)
Share of post-tax gains of joint ventures	10,453	-	-	-		10,453
Reversal of gains on disposal of hotel assets	-	-	(210,626)	-		(210,626)
Segment result	8,640,548	303,913	(434,556)	97,740		8,607,645
Finance costs, net (note 6)						(1,124,531)
Profit before income tax						7,483,114
Income tax expenses (note 7)						(4,433,480)
Profit for the year						3,049,634
Depreciation	218,528	4,824	240,731	-		464,083
Amortisation of land use rights and intangible assets	16,089	598	51,305	-		67,992
Write-down of completed properties held for sale	16,328	-	-	-		16,328
Segment assets	113,775,662	1,827,997	9,286,959	6,326,943	(2,515,136)	128,702,385
Unallocated assets						3,022,513
Total assets						131,724,898
Segment assets include:						
Interest in associates	114,461	-	-	-		114,461
Interests in joint ventures	4,624,663	-	-	-		4,624,663
Segment liabilities	29,282,533	689,941	4,210,087	51,967	(2,515,136)	31,719,392
Unallocated liabilities						55,850,276
Total liabilities						87,569,668
Capital expenditure	849,135	4,485	230,036	-		1,083,656

2 Segment information (continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2016 as follows:

	Assets *(RMB'000)*	Liabilities *(RMB'000)*
Segment assets/liabilities	128,702,385	31,719,392
Unallocated:		
Deferred income taxes	699,275	1,137,167
Prepaid income taxes	1,760,871	-
Derivative financial instruments	562,367	-
Current income tax liabilities	-	10,717,185
Current borrowings	-	12,815,016
Non-current borrowings	-	31,180,908
	131,724,898	87,569,668

2 Segment information (continued)

Year ended 31 December 2015

	Property development (RMB'000)	Property management (RMB'000)	Hotel operations (RMB'000)	Property investment (RMB'000)	Elimination (RMB'000)	Group (RMB'000)
Gross segment sales	41,421,174	1,118,097	673,735	96,463		43,309,469
Inter-segment sales	-	(305,157)	-	-		(305,157)
Sales to external customers	41,421,174	812,940	673,735	96,463		43,004,312
Fair value gains on investment properties (note 3)	-	-	-	62,523		62,523
Operating result	7,500,544	122,483	(291,425)	94,055		7,425,657
Share of post-tax loss of an associate	(27,190)	-	-	-		(27,190)
Share of post-tax losses of joint ventures	(87,400)	-	-	-		(87,400)
Gains on disposal of hotel assets	-	-	210,626	-		210,626
Segment result	7,385,954	122,483	(80,799)	94,055		7,521,693
Finance costs, net (note 6)						(1,325,206)
Profit before income tax						6,196,487
Income tax expenses (note 7)						(3,894,950)
Profit for the year						2,301,537
Depreciation	130,981	5,068	231,297	-		367,346
Amortisation of land use rights and intangible assets	23,610	533	56,816	-		80,959
Write-down of completed properties held for sale	123,647	-	-	-		123,647
Segment assets	100,725,054	1,196,588	7,962,339	6,369,011	(1,155,723)	115,097,269
Unallocated assets						2,215,662
Total assets						117,312,931
Segment assets include:						
Interest in an associate	3,375	-	-	-		3,375
Interests in joint ventures	1,133,448	-	-	-		1,133,448
Segment liabilities	17,445,745	464,201	5,945,204	32,040	(1,155,723)	22,731,467
Unallocated liabilities						52,586,477
Total liabilities						75,317,944
Capital expenditure	130,419	3,505	219,805	210,886		564,615

2 Segment information (continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2015 as follows:

	Assets *(RMB'000)*	**Liabilities** *(RMB'000)*
Segment assets/liabilities	115,097,269	22,731,467
Unallocated:		
Deferred income taxes	570,208	1,243,798
Prepaid income taxes	1,645,454	-
Current income tax liabilities	-	11,312,221
Current borrowings	-	16,487,415
Non-current borrowings	-	23,543,043
	117,312,931	75,317,944

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, receivables and cash balances. Unallocated assets comprise deferred tax assets, prepaid income taxes and derivative financial instruments. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment, land use rights for self-owned properties, investment properties and intangible assets.

3 Investment properties

	2016	2015
	(RMB'000)	*(RMB'000)*
Opening net book amount	**6,369,011**	5,846,317
Capitalised subsequent expenditure	**-**	210,886
Disposals	**(85,028)**	(34,359)
Transfer from property, plant and equipment	**-**	209,586
Transfer from land use rights	**-**	45,609
Revaluation gains recognised in consolidated income statement	**42,960**	62,523
Revaluation gains recognised as other comprehensive income	**-**	28,449
Closing net book amount	**6,326,943**	6,369,011

Notes:

(a) The investment properties are located in the PRC and are held on lease of between 30 to 70 years.

(b) As at 31 December 2016, investment properties of RMB4,722,483,000 (2015: RMB5,284,391,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings.

4 Other losses, net

	2016	2015
	(RMB'000)	*(RMB'000)*
(Reversal of gains)/gains on disposal of property, plant and equipment	**(317,938)**	141,428
Exchange losses, net (note (a))	**(16,770)**	(194,751)
Others	**-**	(86,064)
	(334,708)	(139,387)

Note:

(a) Amount mainly represents the gain or loss of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings which are included in the finance costs, net (note 6).

5 Other income

	2016 *(RMB'000)*	2015 *(RMB'000)*
Interest income	**145,769**	120,162
Forfeited deposits from customers	**41,968**	30,244
Miscellaneous	**90,925**	61,756
	278,662	212,162

6 Finance costs, net

	2016 *(RMB'000)*	2015 *(RMB'000)*
Interest expenses:		
- Bank borrowings, syndicated loans and other borrowings	**(1,551,116)**	(2,006,481)
- Senior notes	**(1,440,313)**	(1,414,452)
- PRC Corporate Bonds and asset-backed securities	**(283,905)**	-
Less: interests capitalised	**2,638,341**	3,003,801
Exchange losses from borrowings	**(1,200,461)**	(1,132,380)
Less: exchange losses capitalised	**150,556**	224,306
Gains in fair value of derivative financial instruments	**562,367**	-
	(1,124,531)	(1,325,206)

7 Income tax expenses

	2016 *(RMB'000)*	2015 *(RMB'000)*
Current income tax		
- PRC corporate income tax	**2,207,745**	1,697,456
- PRC land appreciation tax	**2,609,851**	2,172,129
- PRC withholding income tax	**(148,418)**	172,955
Deferred income tax		
- PRC enterprise income tax	**(235,698)**	(147,590)
	4,433,480	3,894,950

7 Income tax expenses(continued)

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**") effective on 1 January 2008.

PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the Group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

8 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2016	2015
Profit attributable to shareholders of the Company *(RMB'000)*	**2,283,640**	1,390,343
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme *(thousands)*	**3,882,578**	3,882,578
Basic earnings per share *(RMB per share)*	**0.588**	0.358

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the years ended 31 December 2016 and 2015, there was no diluted potential ordinary share, diluted earnings per share equally to basic earnings per share.

9 Dividends

	2016 *(RMB'000)*	2015 (RMB'000)
Proposed final dividend of HKD0.20 (2015: HKD0.145) per ordinary share (note (b))	**697,313**	472,876
Proposed special dividend of HKD0.25 (2015: HKD0.25) per ordinary share (note (b))	**871,641**	815,304
Less: Dividend for Shares held for Share Award Scheme	**(13,807)**	(11,637)
	1,555,147	1,276,543

Notes:

(a) No interim dividend in respect of the six months ended 30 June 2016 was declared by the Board of Directors of the Company (2015: nil).

(b) A final dividend in respect of 2015 of HKD0.145 per ordinary share and a special dividend of HKD0.25 per ordinary share, totalling HKD1,547,234,000 (equivalent to RMB1,288,180,000) were declared at the Annual General Meeting of the Company on 13 May 2016, of which HKD13,616,000 (equivalent to RMB11,637,000) was declared for shares for Share Award Scheme. The final dividend had been distributed out of the Company's retained earnings and the special dividend has been distributed out of the Company's share premium.

A final dividend in respect of 2016 of HKD0.20 per ordinary share and a special dividend of HKD0.25 per ordinary share have been proposed by the Board of Directors of the Company and are subject to the approval of the shareholders at the Annual General Meeting to be held on 8 May 2017. The final dividend will be distributed out of the Company's retained earnings and the special dividend will be distributed out of the Company's share premium. These consolidated financial statements have not reflected these dividends payable.

10 Trade and other receivables

	2016 *(RMB'000)*	2015 *(RMB'000)*
Trade receivables (note (a))	**3,601,167**	3,847,636
Other receivables due from:		
- An associate	**3,210,646**	2,439,716
- Joint ventures	**3,714,038**	2,327,315
- Third parties	**3,167,764**	2,046,575
Prepaid business taxes and other taxes	**274,432**	188,998
Deposits for acquisition of land use rights	**1,580,371**	786,000
Prepayments	**297,354**	301,591
Total trade and other receivables	**15,845,772**	11,937,831
Less: Other receivable due from an associate and joint ventures-non-current portion	**(4,383,129)**	(3,554,716)
Trade and other receivables-current portion	**11,462,643**	8,383,115

Generally, the Group requires full payment from customers before delivery of properties. Credit terms are granted to customers upon obtaining approval from the Group's senior management after assessing the credit history of those customers. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Note:

(a) Trade receivables mainly arose from sales of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. As at 31 December 2016 and 2015, the ageing analysis of the trade receivables is as follows:

	2016 *(RMB'000)*	2015 *(RMB'000)*
Within 90 days	**2,906,859**	2,749,274
Over 90 days and within 365 days	**486,534**	712,419
Over 365 days and within 2 years	**88,665**	267,104
Over 2 years	**119,109**	118,839
	3,601,167	3,847,636

11 Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares *(HKD'000)*	Equivalent nominal value of ordinary shares *(RMB'000)*	Share premium *(RMB'000)*	Total *(RMB'000)*
Authorised					
As at 31 December 2016 and 2015	10,000,000,000	1,000,000			
Movements of issued and fully paid share capital					
Year ended 31 December 2015					
At 1 January 2015 and at 31 December 2015	3,917,047,500	391,705	400,253	4,697,714	5,097,967
Year ended 31 December 2016					
At 1 January 2016	3,917,047,500	391,705	400,253	4,697,714	5,097,967
Dividends (note 9)	-	-	-	(807,939)	(807,939)
At 31 December 2016	3,917,047,500	391,705	400,253	3,889,775	4,290,028

Note:

(a) On 10 December 2013, the Board of Directors of the Company adopted a Share Award Scheme, under which shares may be awarded to employees of the Company in accordance with the terms and conditions of the Share Award Scheme.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust ("Employee Share Trust"), for the purposes of administering the Share Award Scheme and holding Awarded Shares before they vest. On 10 February 2014, the Company allotted and issued 34,470,000 new shares to Bank of Communications Trustee Limited (as trustee) to hold on trust. On 3 January 2014, 32,750,000 of which has been granted to the 116 selected employees, subject to, among others, the satisfaction of performance conditions of both the Group and the awardees and that awardees remain employed by the Group.

The award of first 30% Awarded Shares lapsed on 26 August 2015. Following the confirmation that relevant vesting conditions have not been satisfied on 20 June 2016, the Board resolved in its meeting held on 23 August 2016 that the award of second 30% Awarded Shares lapsed effective from 23 August 2016. The deadline for the satisfaction of the vesting conditions for the remaining 40% of these Awarded Shares is 20 June 2017. As at 31 December 2016, the shares under the Share Award Scheme held by the Employee Share Trustee amounted to RMB156,588,000 (31 December 2015: RMB156,588,000) , which was presented within equity in the consolidated balance sheet. For the year ended at 31 December 2016, no expenses in relation to the Share Award Scheme were recognised in the consolidated income statement as the performance condition were not fulfilled and no awarded shares have been vested (2015:nil).

12 Trade and other payables

	2016 *(RMB'000)*	2015 *(RMB'000)*
Trade payables (note (a))	**12,473,834**	11,625,492
Other payables due to:		
- Related parties	**3,086,633**	656,568
- Third parties	**3,208,254**	1,885,014
Staff welfare benefit payable	**279,262**	45,114
Accruals	**1,273,651**	793,474
Other taxes payable	**780,326**	615,229
	21,101,960	15,620,891

Note:

(a) The ageing analysis of trade payables of the Group as at 31 December 2016 and 2015 is as follows:

	2016 *(RMB'000)*	2015 *(RMB'000)*
Within 90 days	**10,732,805**	9,951,225
Over 90 days and within 180 days	**1,402,486**	1,150,087
Over 180 days and within 365 days	**250,759**	415,797
Over 365 days	**87,784**	108,383
	12,473,834	11,625,492

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the year, the Group's revenue was RMB46,679 million (2015: RMB43,004 million), representing an increase of 8.5% over 2015. The operating profit was RMB8,601 million (2015: RMB7,636 million), representing an increase of 12.6% over last year. Profit attributable to shareholders was RMB2,284 million (2015: RMB1,390 million), representing an increase of 64.3% over last year. Core profit attributable to shareholders of the Company was RMB2,744 million (2015: RMB2,429 million), representing an increase of 13.0% over last year. Basic earnings per share was RMB0.588 (2015: RMB0.358).

Land bank

In line with the Group's long-term development strategy, the Group continued to adopt its strategic land replenishment plan while optimising the existing land bank in accordance with the development needs and market conditions. As at 31 December 2016, the Group had a land bank with a total planned GFA of 32.60 million sq.m. in 46 cities and districts, located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Regions, Northeast China Region, Northern China Region, Kuala Lumpur of Malaysia and South San Francisco of USA. The average land cost was RMB1,501 per sq.m., which was competitive.

During the year, the Group adopted a more active yet prudent land acquisition strategy and increased its land bank by acquiring a total planned attributable GFA of 2.32 million sq.m. in cities including Beijing, Changzhou, Foshan, Guangzhou, Hainan, Huizhou, Suzhou, Wuhan, Zhengzhou, Zhongshan, Zhuhai and South San Francisco of USA by way of tender, auction, listing-for-sale and equity acquisition. Total consideration attributable by the Group was RMB19,200 million. Among which, Beijing, Suzhou, Wuhan, Zhuhai and South San Francisco of USA were the newly explored markets of the Group.

The following table sets forth the details of the newly acquired land parcels:

Land parcel name	City/District	Attributable Interest(%)	Total Planned GFA (sq.m.)
Southern China Region			
Site in Liwan District, Guangzhou	Guangzhou	100	61,716
Site in Haotousha, Zhongshan	Zhongshan	100	166,966
Site in Qingxi Road, Zhongshan	Zhongshan	100	41,802
Site in Mountain City, Zhongshan	Zhongshan	50	454.167
Site in Nanlong Tianlu, Zhongshan	Zhongshan	50	98,664
Site in Dongcheng Lufeng, Zhongshan	Zhongshan	50	347,086
Site in Junhui, Zhongshan	Zhongshan	60	395,588
Site in Science and Technology Park, Zhuhai	Zhuhai	100	206,494
Site in Southwest Street, Sanshui, Foshan	Sanshui, Foshan	50	113,048
Site in Huicheng District, Huizhou	Huizhou	100	66,420
Eastern China Region			
Site in Sanjin River, Changzhou	Changzhou	100	54,468
Site in Xiangcheng Development Zone, Suzhou	Suzhou	62.5	101,503
Central China Region			
Site in Zhongmou District, Zhengzhou	Zhengzhou	100	195,821
Site in Zhengdong New District, Zhengzhou	Zhengzhou	100	74,227
Site in Jiangxia District, Wuhan	Wuhan	50	800,000
Northern China Region			
Site in Yanqing District, Beijing	Beijing	51	65,000
Hainan and Yunnan Region			
Site in Agile Pure Moon Bay, Hainan	Hainan	100	33,225
Site in Hainan Clearwater Bay, Hainan	Hainan	100	30,158
Overseas			
Site in Oyster Point, South San Francisco, USA	South San Francisco, USA	10	209,032

Property development and sales

During the year, total recognised sales from property development of the Group was RMB44,752 million, representing an increase of 8.0% when compared with RMB41,421 million in 2015. The total recognised GFA sold was 5.08 million sq.m., representing an increase of 6.0% when compared with last year. The recognised average selling price increased by 1.9% to RMB8,808 per sq.m. in 2016 from RMB8,642 per sq.m. in 2015.

Property management

During the year, revenue from property management of the Group was RMB1,069 million, representing an increase of 31.4% when compared with RMB813 million in 2015, which was mainly attributable to an increase in the total contracted GFA under management to 57.56 million sq.m. (2015: 47.79 million sq.m.).

Hotel operations

During the year, revenue from hotel operations of the Group was RMB670 million, which was comparable with RMB674 million in 2015. It was primarily attributable to the revenue generated from Shanghai Marriott Hotel City Centre, Raffles Hainan, Sheraton Bailuhu Resort Huizhou Hotel and Howard Johnson Agile Plaza Chengdu.

Property investment

During the year, revenue from property investment of the Group was RMB189 million, representing an increase of 95.5% when compared with RMB96 million in 2015. The increase was mainly due to the increase in the unit rental rate and occupancy rate for the year.

Cost of sales

During the year, cost of sales of the Group was RMB34,313 million, representing an increase of 6.6% when compared with RMB32,191 million in 2015. The increase was mainly due to the increase of the total recognised area during the year.

Gross profit

During the year, gross profit of the Group was RMB12,366 million, representing an increase of 14.4% when compared with RMB10,813 million in 2015. During the year, gross profit margin of the Group was 26.5%, representing an increase of 1.4 percentage points when compared with 25.1% in 2015. The increase in gross profit margin was mainly attributable to the increased weightings by projects with relatively higher gross profit margin.

Fair value gains on investment properties

During the year, fair value gains on investment properties of the Group was RMB43 million. After deducting RMB11 million for the deferred income tax on fair value gains, the net amount of the fair value gains on investment properties was RMB32 million.

Other losses, net

During the year, the other losses of the Group was RMB335 million, representing an increase of 140.1% when compared with RMB139 million in 2015. It was mainly attributable to the reversal of gain on disposal of property, plant and equipment and the net exchange loss of translation of financial assets and liabilities except for borrowings, which are denominated in foreign currency into Renminbi at the prevailing period-end exchange rate.

Other income

During the year, other income of the Group was RMB279 million, representing an increase of 31.3% when compared with RMB212 million in 2015, which was mainly due to the increase of interest income of bank deposits and forfeited deposits from customers.

Selling and marketing costs

During the year, selling and marketing costs of the Group recorded was RMB2,098 million, representing an increase of 17.5% when compared with RMB1,786 million in 2015. The selling and marketing costs as a percentage of revenue increased to 4.5% in 2016 from 4.2% in 2015, which was mainly attributable to the increase in sales agency fee to third party agents.

Administrative expenses

During the year, administrative expenses of the Group was RMB1,458 million, which was comparable with RMB1,444 million in 2015. The administrative expenses as a percentage of revenue decreased to 3.1% in 2016 from 3.4% in 2015, it was mainly attributable the Group's the effective control of administrative costs continuously.

Other expenses

During the year, other expenses of the Group was RMB196 million, representing an increase of 137.6% when compared with RMB82 million in 2015. Meanwhile, charitable donations of the Group was RMB81 million in 2016 (2015: RMB34 million).

Finance costs, net

During the year, the net finance cost of the Group was RMB1,125 million, representing a decrease of 15.1% when compared with RMB1,325 million in 2015, which was mainly due to decrease of interest expenses by RMB146 million, the gain in fair value of derivative financial instruments by RMB562 million recorded as a deduction of finance costs, offset by the increased interest expenses not eligible for capitalisation related to completed construction properties of RMB220 million.

Share of post-tax losses of associates

During the year, the share of post-tax losses in Guangzhou Li He Property Development Company Limited (an associate in which the Group holds 20% equity interest) and Oyster Point Development LLC (an associate in which the Group holds 10% equity interest) was RMB3 million (2015: RMB27 million).

Share of post-tax gains/(losses) of joint ventures

During the year, share of post-tax gains of joint ventures of the Group was RMB10 million, representing an increase of RMB97 million when compared with share of post-tax losses of RMB87 million in 2015.

Profit attributable to shareholders

During the year, profit attributable to shareholders of the Group was RMB2,284 million, representing an increase of 64.3% when compared with RMB1,390 million in 2015. After excluding fair value gains on revaluation of investment properties and the related tax effect, foreign exchange loss/gain and fair value gains in derivative financial instruments, the core profit attributable to shareholders of the Company in 2016 was RMB2,744 million, representing an increase of 13.0% when compared with RMB2,429 million in 2015.

Liquidity, financial and capital resources

Cash position and fund available

As at 31 December 2016, the total cash and bank balances of the Group were RMB22,311 million (31 December 2015: RMB13,137 million), comprising cash and cash equivalents of RMB12,432 million (31 December 2015: RMB7,407 million) and restricted cash of RMB9,879 million (31 December 2015: RMB5,730 million).

Some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties.

As at 31 December 2016, the Group's undrawn borrowing facilities were RMB2,400 million (31 December 2015: RMB2,603 million).

Borrowings

As at 31 December 2016, the Group's total borrowings amounted to RMB43,996 million, of which bank borrowings, senior notes and PRC corporate bonds, asset-backed securities ("ABS") and other borrowings amounted to RMB18,421 million, RMB13,675 million and RMB11,900 million respectively.

Repayment schedule	**As at 31 December 2016 (RMB million)**	As at 31 December 2015 (RMB million)
Bank borrowings		
Within 1 year	**5,013**	10,043
Over 1 year and within 2 years	**4,945**	1,672
Over 2 years and within 5 years	**3,768**	3,588
Over 5 years	**4,695**	521
Subtotal	**18,421**	15,824
Senior notes		
Within 1 year	**6,832**	-
Over 1 year and within 2 years	**-**	10,672
Over 2 years and within 5 years	**6,843**	6,376
Subtotal	**13,675**	17,048
PRC corporate bonds, ABS and other borrowings		
Within 1 year	**970**	6,444
Over 1 year and within 2 years	**5,921**	449
Over 2 years and within 5 years	**5,009**	265
Subtotal	**11,900**	7,158
Total	**43,996**	40,030

As at 31 December 2016, the Group's bank borrowings (including syndicated loans) of RMB9,335 million (31 December 2015: RMB12,073 million) and other borrowings of RMB2,365 million (31 December 2015: RMB4,786 million) were secured by its land use rights, self-used properties, properties held for sale, properties under development and the shares of a subsidiary. The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB2,708 million as at 31 December 2016 (31 December 2015: RMB4,579 million).

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2016, the gearing ratio was 49.1%, representing a decrease of 14.9 percentage points when compared with 64.0% in 2015.

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in Hong Kong dollars, United States dollars and Malaysian Ringgit, and the Group's certain senior notes and bank borrowings were mainly denominated in United States dollars and Hong Kong dollars. During the year, the Group had entered into capped forward contracts to mitigate certain of its foreign currency exposure in United States dollars and Hong Kong dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimize the volatility of the RMB cost of highly probable forecast repayments of debts. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

In order to reduce risks arising from exchange rate movements in USD and HKD-denominated debts, the Group reduced the percentage of foreign currency borrowings during the year and concluded capped forward contracts of USD1,605 million and HKD4,450 million respectively. As at 31 December 2016, the Group recorded RMB562 million (2015: nil) as fair value gains in derivative financial instruments as a deduction of finance costs relating to the said contracts.

Cost of borrowings

In 2016, the total cost of borrowings of the Group was RMB3,275 million, representing a decrease of RMB146 million when compared with RMB3,421 million in 2015. The decrease was mainly attributable to lower borrowing rate in 2016 compared to 2015. Taking into consideration of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the year was 7.6% (2015: 8.5%).

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2016, the outstanding guarantees were RMB33,294 million (31 December 2015: RMB22,449 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the satisfaction of relevant mortgage loans by the purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associate and joint ventures as at 31 December 2016 was RMB359 million (2015: RMB440 million) and RMB524 million (2015: RMB208 million) respectively.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

The Company and the other four PRC real estate developers have evenly provided certain guarantees, in proportion of their shareholding in Li He, in respect of loan facilities of Li He amounting to RMB5,080 million (2015: RMB8,910 million), the Group's share of the guarantee amounted to RMB1,016 million (2015: RMB1,782 million).

Several subsidiaries of the Group and joint venture parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB4,810 million (2015: RMB2,404 million). The Group's share of the guarantees amounted to RMB1,280 million (2015: RMB651 million).

Commitments

As at 31 December 2016, the commitments of the Group in connection with the property development activities were RMB21,013 million (31 December 2015: RMB16,303 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB762 million (31 December 2015: RMB93 million).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

As per announcement of the Company dated 9 November 2016, on 9 November 2016, Nanjing Agile Real Estate Development Co.. Ltd. (南京雅居樂房地產開發有限公司), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with Zhongying Changjiang International New Energy Investments Company Limited (中盈長江國際新能源投資有限公司) ("Zhongying"), Wuhan Changkai Property Development Company Limited (武漢長凱物業發展有限公司) ("Changkai") and Yangguang Haidi New Energy Investments Company Limited (陽光凱迪新能源集團有限公司) ("Yangguang Haidi"), independent third parties, pursuant to which Nanjing Agile agreed, amongst other things, (i) to inject RMB300 million into Changkai as its new registered capital and thereby to own 50% of its equity interests; and (ii) to provide a loan of RMB3,000 million to Changkai, which will then be lent by Changkai to Zhongying for repayment of third party loans of Zhongying and Yangguang Haidi as approved by Nanjing Agile and Changkai. Changkai is the registered owner of a piece of land which is situated at Wuhanshi Jiangxiaqu Miaoshan Banshichu Wushu Village (武漢市江夏區廟山辦事處鄔樹村) with a site area of approximately 406,582.82 square metres and a permitted plot ratio between 1.0 and 1.97 registered under land use rights certificate E (2016) Wuhanshi Jiangxia Property Certificate No.0000388 (鄂(2016) 武漢市江夏不動產權第0000388號).

The acquisition has been completed, the Group now holds 50% of the equity interest in Changkai, which is a joint venture of the Company.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Employees and remuneration policy

As at 31 December 2016, the Group had a total of 12,468 employees, among which 114 were senior management and 464 were middle management. By geographical locations, there were 12,374 employees in mainland China and 94 employees in Hong Kong, Macau and Malaysia. For the year ended 31 December 2016, the total remuneration costs, including directors' remuneration, were RMB1,835 million (2015: RMB1,792 million).

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 Award Scheme.

Outlook

Looking forward, in order to maintain a prominent position in the intensively competitive market and secure growth in revenue and profit, the Group will continue to provide more-value-for-money products and comprehensive services with innovative and humanised planning and design, in addition to the market-leading internet-based property management platform. Furthermore, the Group will continue to expand the property management business in order to broaden the source of income.

Meanwhile, in order to improve the cash flow, the Group will implement flexible sales strategy, with improvement on sell-through rate and inventory clearance. Furthermore, the Group will further optimise the finance structure by implementing flexible financing strategy and fully utilising the financing channels onshore and offshore, with a view to controlling risk and lowering the financing cost effectively. Meanwhile, enhancement of internal management and effective cost control will continue.

In order to cope with the future development, the Group will enhance its land bank by acquiring premium land parcels with prudent manner and at reasonable price.

DIVIDENDS

During the year, the Company did not declare any interim dividend (2015: nil). The Board has proposed the payment of a final dividend of HK20.0 cents (2015: HK14.5 cents) per ordinary share and a special dividend of HK25.0 cents (to be distributed out of the Company's share premium) (2015: HK25.0 cents) per ordinary share to the shareholders. Subject to the approval by the shareholders at the annual general meeting of the Company to be held on Monday, 8 May 2017 ("**2017 AGM**"), the proposed final dividend and special dividend are expected to be paid on Thursday, 25 May 2017 to shareholders whose names appear on the register of members of the Company on Wednesday, 17 May 2017.

CLOSURE OF REGISTER OF MEMBERS

To determine the identity of shareholders who are entitled to attend and vote at the 2017 AGM

Latest time for lodging transfer documents of shares	:	4:30 p.m. on Friday, 28 April 2017
Period of closure of register of members	:	Tuesday, 2 May 2017 to Monday, 8 May 2017 (both dates inclusive)

To determine the shareholders' entitlement to the final dividend and special dividend

Ex-entitlement date for final dividend and special dividend	:	Thursday, 11 May 2017
Latest time for lodging transfer documents of shares	:	4:30 p.m. on Friday, 12 May 2017
Period of closure of register of members	:	Monday, 15 May 2017 to Wednesday, 17 May 2017 (both dates inclusive)
Record date	:	Wednesday, 17 May 2017

To qualify for attending and voting at the 2017 AGM and/or entitlement to the final dividend and special dividend, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the corresponding latest time for lodging transfer documents of shares.

NOTICE OF ANNUAL GENERAL MEETING

Notice of 2017 AGM will be published on the respective website of the Company at www.agile.com.cn and Hong Kong Exchanges and Clearing Limited ("**HKEx**") at www.hkex.com.hk and will be dispatched to the shareholders of the Company within the prescribed time and in such manner as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). A copy of the said notice will also be published on the website of Singapore Exchange Limited ("**SGX**") at www.sgx.com.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2016, and reviewed the accounting principles and practices adopted by the Group with the Group's management, and discussed the internal controls and financial reporting matters with them.

PUBLIC FLOAT

From information that is publicly available to the Company and within the knowledge of its Directors for the year ended 31 December 2016 and as at the date of this announcement, at least 25% of the Company's total issued share capital is held by the public.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions by directors ("**Securities Dealing Code for Directors**"), which is on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. After enquiry, each of the Directors of the Company has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2016, the Company has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules ("**CG Code**") except for certain deviations as specified with considered reasons below.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, the in-depth knowledge of Chen Zhuo Lin of the operations of the Group and the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 27 June 2016, the Company redeemed an aggregate principal amount of USD650,000,000, representing all its outstanding 8.875% senior notes due 2017 at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

Save as above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during 2016.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY, HONG KONG EXCHANGES AND CLEARING LIMITED AND SINGAPORE EXCHANGE LIMITED

This announcement is published on the respective website of the Company at www.agile.com.cn, HKEx at www.hkex.com.hk and SGX at www.sgx.com. The annual report of the Company for the year ended 31 December 2016 containing all the information required under the Listing Rules will be dispatched to the Company's shareholders and will be posted on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises thirteen members, being Mr. Chen Zhuo Lin* (Chairman and President), Mr. Chan Cheuk Yin** (Vice Chairperson), Madam Luk Sin Fong, Fion** (Vice Chairperson), Mr. Chan Cheuk Hung*, Mr. Huang Fengchao*, Mr. Chen Zhongqi*, Mr. Chan Cheuk Hei**, Mr. Chan Cheuk Nam**, Dr. Cheng Hon Kwan#, Mr. Kwong Che Keung, Gordon#, Mr. Cheung Wing Yui, Edward#, Mr. Hui Chiu Chung, Stephen# and Mr. Wong Shiu Hoi, Peter#.

* *Executive Directors*
** *Non-executive Directors*
\# *Independent Non-executive Directors*

By Order of the Board
Agile Group Holdings Limited
CHEN Zhuo Lin
Chairman and President

Hong Kong, 15 March 2017

Scope of work of PricewaterhouseCoopers
The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.