TOP SPRING INTERNATIONAL HOLDINGS LIMITED

莱蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03688)

ANNOUNCEMENT OF CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

HIGHLIGHTS

- For the year ended 31 December 2016, the Group achieved contracted sales plus subscribed pre-sales of approximately HK$4,573.0 million. The Group recorded an aggregate of contracted sales of properties and contracted sales of car park units of approximately HK$4,048.3 million. The contracted sales of properties was approximately HK$3,897.1 million with contracted saleable GFA of approximately 187,383 sq.m. and ASP of approximately HK$20,797.5 per sq.m., representing a decrease of approximately 50.2%, a decrease of approximately 52.7% and an increase of approximately 5.4%, respectively, as compared with 2015.

- As at 31 December 2016, the Group had a total of 19 projects over 10 cities in various stages of development with a total estimated net saleable/leasable GFA of approximately 2,351,954 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartments project), Shenzhen Fashion Mark (a redevelopment project), Shenzhen Buji Market Project (a redevelopment project), Shenzhen Jianshang Project (a redevelopment project) and Hong Kong Yuen Long Project (agricultural lots), the remaining estimated land bank of the Group of approximately 896,817 sq.m. has an average land cost of approximately HK$2,292.4 per sq.m. as at 31 December 2016.

- Revenue for the year ended 31 December 2016 decreased by approximately 47.2% to approximately HK$5,558.7 million from approximately HK$10,519.7 million for the year ended 31 December 2015.

- For the year ended 31 December 2016, the Group generated recurring rental income of approximately HK$278.0 million (2015: approximately HK$323.7 million) from its investment properties which mainly comprised shopping malls, community commercial centres, retail shops, serviced apartments, office and car park units. As at 31 December 2016, the investment property portfolio (inclusive of investment properties classified as held for sale) had a total leasable GFA of approximately 434,852 sq.m. and a fair value of approximately HK$6,709.3 million, representing approximately 25.8% of the Group's total asset value.

- Gross profit margin decreased to approximately 18.2% for the year ended 31 December 2016 from approximately 30.4% for the year ended 31 December 2015.

- For the year ended 31 December 2016, the net profit margin and core net profit margin of the Group recorded of approximately 16.3% (for the year ended 31 December 2015: approximately 10.0%) and 7.9% (for the year ended 31 December 2015: approximately 7.4%), respectively. For the year ended 31 December 2016, the profit attributable to equity shareholders of the Company was approximately HK$866.4 million (for the year ended 31 December 2015: approximately HK$773.4 million).

- Basic earnings per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2016 was approximately HK$0.61, representing an increase of approximately 10.9% as compared with 2015.

- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 31 December 2016 was approximately HK$4.1 (as at 31 December 2015: approximately HK$4.4).

- As at 31 December 2016, the net gearing ratio of the Group was significantly reduced to approximately 43.3% from approximately 72.5% as at 31 December 2015.

- The Board has recommended the payment of a final dividend of HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2016 (for the year ended 31 December 2015: HK22 cents per Share). The dividend payout ratio for the year ended 31 December 2016 was approximately 36.1% (for the year ended 31 December 2015: approximately 40.4%).

CONSOLIDATED ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Top Spring International Holdings Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*2&3*	**5,558,731**	10,519,689
Direct costs		**(4,548,121)**	(7,324,878)
Gross profit		**1,010,610**	3,194,811
Valuation gains on investment properties and investment properties classified as held for sale		**436,025**	458,981
Other revenue	*4*	**191,122**	233,361
Other net income/(loss)	*5*	**735,933**	(121,260)
Selling and marketing expenses		**(182,533)**	(243,960)
Administrative expenses		**(750,868)**	(658,953)
Profit from operations		**1,440,289**	2,862,980
Finance costs	*6(a)*	**(679,414)**	(509,340)
Share of losses of associates		**(6,037)**	(49,820)
Share of losses of joint ventures		**(474)**	(6,997)
Profit before taxation	*6*	**754,364**	2,296,823
Income tax credit/(expense)	*7*	**149,221**	(1,243,072)
Profit for the year		**903,585**	1,053,751
Attributable to:			
Equity shareholders of the Company		**866,428**	773,443
Non-controlling interests		**37,157**	280,308
Profit for the year		**903,585**	1,053,751
Earnings per share (HK$)	*8*		
Basic		**0.61**	0.55
Diluted		**0.42**	0.54

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**903,585**	1,053,751
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences		
– on translation of financial statements of foreign subsidiaries	**(941,173)**	(577,436)
– reclassified to profit or loss upon disposal of subsidiaries	**(25,015)**	–
	(966,188)	(577,436)
Share of other comprehensive income of associates and joint ventures	**(23,022)**	(20,125)
	(989,210)	(597,561)
Total comprehensive income for the year	**(85,625)**	456,190
Attributable to:		
Equity shareholders of the Company	**(42,338)**	249,150
Non-controlling interests	**(43,287)**	207,040
Total comprehensive income for the year	**(85,625)**	456,190

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016

		2016		2015	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets					
Investment properties			**6,046,160**		7,116,034
Other property, plant and equipment			**303,408**		362,090
Interests in leasehold land held for own use under operating leases			**3,391**		3,881
			6,352,959		7,482,005
Interest in associates			**87,718**		21,095
Interest in joint ventures			**225,822**		230,580
Other financial assets			**246,818**		24,143
Restricted and pledged deposits			**–**		11,939
Deferred tax assets			**424,444**		545,727
			7,337,761		8,315,489
Current assets					
Inventories		**9,019,239**		15,752,308	
Other financial assets		**47,979**		253,701	
Trade and other receivables	*10*	**2,623,876**		2,496,253	
Prepaid tax		**133,295**		283,132	
Restricted and pledged deposits		**2,488,695**		1,847,879	
Cash and cash equivalents		**3,713,086**		3,789,854	
		18,026,170		24,423,127	
Investment properties classified as held for sale		**663,104**		1,216,821	
		18,689,274		25,639,948	
Current liabilities					
Trade and other payables	*11*	**6,710,457**		10,042,749	
Bank and other borrowings		**3,013,730**		6,615,267	
Derivative financial instrument		**155,273**		–	
Tax payable		**2,286,283**		4,830,203	
		12,165,743		21,488,219	
Net current assets			**6,523,531**		4,151,729
Total assets less current liabilities			**13,861,292**		12,467,218

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2016 (CONTINUED)

		2016		2015	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Non-current liabilities					
Bank and other borrowings		**2,152,264**		2,938,677	
Convertible bonds		**1,384,699**		–	
Bonds payable		**1,275,239**		–	
Note payable		**1,097,035**		1,167,406	
Deferred tax liabilities		**1,116,909**		1,058,260	
			7,026,146		5,164,343
NET ASSETS			**6,835,146**		7,302,875
CAPITAL AND RESERVES					
Share capital			**118,378**		118,143
Reserves			**5,780,518**		6,107,708
Total equity attributable to equity shareholders of the Company			**5,898,896**		6,225,851
Non-controlling interests			**936,250**		1,077,024
TOTAL EQUITY			**6,835,146**		7,302,875

NOTES:

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company (the "**Shares**") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 23 March 2011.

The principal activity of the Company is investment holding and the principal activities of the Group are property development, property investment, hotel operations and provision of property management and related services in the People's Republic of China (the "**PRC**").

The consolidated annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2016 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Property development: this segment develops and sells residential and retail properties.

– Property investment: this segment leases shopping arcades, club houses, serviced apartments and car park units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently, the Group's investment property portfolio is located entirely in the PRC.

– Hotel operations: this segment operates hotels to provide hotel services to general public.

– Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's self-developed residential and retail properties, and decoration services to group companies.

– Medical and healthcare services: this segment provides medical and healthcare services to general public.

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all tangible, non-current and current assets with the exception of interest in associates and joint ventures, investments in financial assets, prepaid tax, deferred tax assets and other corporate assets (other than those related to medical and healthcare services segment). Segment liabilities include trade and other payables attributable to the operating activities of the individual segments and bank and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interests, taxes, depreciation and amortisation", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at "adjusted EBITDA", the Group's earnings are further adjusted for items which are non-recurring or not specifically attributed to individual segments, such as share of profits less losses of associates and joint ventures (other than those related to medical and healthcare services segment). Other revenue and net income/loss, valuation change on investment properties and investment properties classified as held for sale, and other head office or corporate expenses.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, provision on inventories, impairment losses on non-current assets and disposal group classified as held for sale, valuation changes on investment properties and investment properties classified as held for sale and additions to non-current segment assets used by the segments in their operations.

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

2015

	Property development *HK$'000*	Property investment *HK$'000*	Hotel operations *HK$'000*	Property management and related services *HK$'000*	Medical and healthcare services *HK$'000*	Total *HK$'000*
Revenue from external customers	9,988,246	323,686	55,671	152,086	–	10,519,689
Inter-segment revenue	–	41,261	–	146,858	–	188,119
Reportable segment revenue	9,988,246	364,947	55,671	298,944	–	10,707,808
Reportable segment profit/(loss) (adjusted EBITDA)	2,393,351	140,267	1,457	(61,925)	(5,472)	2,467,678
Interest income from bank deposits	80,352	2,190	–	1,245	1	83,788
Interest expenses	(470,386)	(38,618)	–	(336)	–	(509,340)
Depreciation and amortisation for the year	(25,622)	(2,529)	(24,115)	(1,576)	–	(53,842)
Provision on inventories	(314,994)	–	–	–	–	(314,994)
Valuation gains on investment properties and investment properties classified as held for sale	–	458,981	–	–	–	458,981
Reportable segment assets	22,995,148	9,003,574	274,697	145,847	25,251	32,444,517
Additions to non-current segment assets during the year	9,657	40,236	121	2,022	–	52,036
Reportable segment liabilities	(18,850,627)	(1,528,923)	(12,778)	(95,539)	(24,575)	(20,512,442)

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

2016

	Property development HK$'000	Property investment HK$'000	Hotel operations HK$'000	Property management and related services HK$'000	Medical and healthcare services HK$'000	Total HK$'000
Revenue from external customers	5,028,519	277,958	63,758	188,496	–	5,558,731
Inter-segment revenue	–	49,016	–	105,794	–	154,810
Reportable segment revenue	5,028,519	326,974	63,758	294,290	–	5,713,541
Reportable segment profit/(loss) (adjusted EBITDA)	249,183	175,987	3,037	(32,859)	(3,029)	392,319
Interest income from bank deposits	56,621	3,279	–	1,154	1	61,055
Interest expenses	(651,338)	(22,751)	–	(5,325)	–	(679,414)
Depreciation and amortisation for the year	(15,222)	(5,417)	(22,800)	(1,129)	(9)	(44,577)
Provision on inventories	(26,490)	–	–	–	–	(26,490)
Reversal of provision on inventories	80,147	–	–	–	–	80,147
Impairment loss on disposal group classified as held for sale	(179,217)	–	–	–	–	(179,217)
Valuation gains on investment properties and investment properties classified as held for sale	–	436,025	–	–	–	436,025
Reportable segment assets	16,957,936	7,259,049	251,144	193,048	190,305	24,851,482
Additions to non-current segment assets during the year	11,242	122,553	846	995	–	135,636
Reportable segment liabilities	(14,762,913)	(402,087)	(12,736)	(252,298)	(2,788)	(15,432,822)

2 SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2016 *HK$'000*	2015 *HK$'000*
Revenue		
Reportable segment revenue	**5,713,541**	10,707,808
Elimination of inter-segment revenue	**(154,810)**	(188,119)
Consolidated revenue *(Note 3)*	**5,558,731**	10,519,689
Profit		
Reportable segment profit derived from Group's external customers	**392,319**	2,467,678
Share of losses of associates	**(6,037)**	(49,820)
Share of losses of joint ventures	**(474)**	(6,997)
Other revenue and net income/loss	**927,055**	112,101
Depreciation and amortisation	**(46,001)**	(56,281)
Finance costs	**(679,414)**	(509,340)
Valuation gains on investment properties and investment properties classified as held for sale	**436,025**	458,981
Unallocated head office and corporate expenses	**(269,109)**	(119,499)
Consolidated profit before taxation	**754,364**	2,296,823
Assets		
Reportable segment assets	**24,851,482**	32,444,517
Interest in associates	**87,718**	21,095
Interest in joint ventures	**225,822**	229,901
Other financial assets	**105,022**	277,844
Prepaid tax	**133,295**	283,132
Deferred tax assets	**424,444**	545,727
Unallocated head office and corporate assets	**199,252**	153,221
Consolidated total assets	**26,027,035**	33,955,437
Liabilities		
Reportable segment liabilities	**(15,432,822)**	(20,512,442)
Tax payable	**(2,286,283)**	(4,830,203)
Deferred tax liabilities	**(1,116,909)**	(1,058,260)
Unallocated head office and corporate liabilities	**(355,875)**	(251,657)
Consolidated total liabilities	**(19,191,889)**	(26,652,562)

(c) Geographic information

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

3 REVENUE

Revenue represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2016	2015
	HK$'000	*HK$'000*
Sale of properties	**5,028,519**	9,988,246
Rental income	**277,958**	323,686
Hotel operations	**63,758**	55,671
Property management and related services income	**188,496**	152,086
	5,558,731	10,519,689

4 OTHER REVENUE

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**77,777**	108,067
Other interest income	**46,355**	67,505
Construction management service income	**17,993**	16,038
Rental income from operating leases, other than those relating to investment properties	**17,003**	15,219
Other service income	**10,471**	4,361
Others	**21,523**	22,171
	191,122	233,361

5 OTHER NET INCOME/(LOSS)

	2016	2015
	HK$'000	*HK$'000*
Net gain on disposal of subsidiaries	**682,281**	15,353
Net loss on disposal of partial interest in an associate	**–**	(35)
Net gain on disposal of available-for-sale investments and wealth management products	**100,397**	113,905
Net exchange gain	**83,287**	60,115
Net loss on sale of other property, plant and equipment	**(713)**	(456)
Net (loss)/gain on sale of investment properties and investment properties classified as held for sale	**(79,379)**	41,518
Provision on inventories	**(26,490)**	(314,994)
Reversal of provision on inventories	**80,147**	–
Impairment loss on disposal group classified as held for sale	**(179,217)**	–
Amortisation of loss arising from the issuance of convertible bonds	**(67,498)**	–
Fair value change on conversion option embedded in convertible bonds	**149,425**	–
Impairment loss on available-for-sale investments	**–**	(36,428)
Others	**(6,307)**	(238)
	735,933	(121,260)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2016	2015
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank and other borrowings	**456,310**	829,165
Interest on convertible bonds	**177,931**	–
Interest on note payable	**134,356**	70,149
Interest on amounts due to non-controlling shareholders	**9,966**	14,211
Interest on bonds payable	**32,866**	–
Other borrowing costs	**56,136**	61,557
	867,565	975,082
Less: Amount capitalised *(Note)*	**(188,151)**	(465,742)
	679,414	509,340

Note: The borrowing costs have been capitalised at rates ranging from 5.23% to 12.00% (2015: 4.57% to 12.00%) per annum for the year ended 31 December 2016.

	2016	2015
(b) Staff costs		
Salaries, wages and other benefits	**217,038**	216,967
Contributions to defined contribution retirement plans	**27,789**	28,455
Equity settled share-based payment expenses	**24,516**	23,455
	269,343	268,877
(c) Other items		
Depreciation and amortisation	**46,931**	57,332
Less: Amount capitalised	**(930)**	(1,051)
	46,001	56,281
Cost of properties sold	**4,263,065**	7,066,683
Rental income from investment properties *(Note)*	**(277,958)**	(323,686)
Less: Direct outgoings	**39,235**	30,285
	(238,723)	(293,401)
Operating lease charges:		
– minimum lease payments for land and buildings	**35,000**	35,712

Note: Included contingent rental income of HK$12,739,000 (2015: HK$15,567,000) for the year ended 31 December 2016.

7 INCOME TAX

Income tax (credit)/expenses in the consolidated statement of profit of loss represents:

	2016	2015
	HK$'000	*HK$'000*
Current tax		
Provision for PRC Corporate Income Tax ("**CIT**")	**(171,121)**	675,239
Provision for Land Appreciation Tax ("**LAT**")	**(357,164)**	817,738
Withholding tax	**164,141**	84,380
	(364,144)	1,577,357
Deferred tax		
Origination and reversal of temporary differences	**214,923**	(334,285)
	(149,221)	1,243,072

Pursuant to the rules and regulations of the British Virgin Islands (the "**BVI**") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries did not earn any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2015 and 2016.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the year ended 31 December 2016 (2015: 25%).

LAT is levied on properties developed and investment properties held by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

Withholding taxes are levied on dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008, rental income earned and proceeds from the sale of investment properties in the PRC by a Hong Kong subsidiary at the applicable tax rates.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$866,428,000 (2015: HK$773,443,000) and the weighted average number of 1,421,198,000 shares (2015: 1,414,035,000 shares) in issue during the year, calculated as follows:

	2016	2015
	'000	*'000*
Weighted average number of shares		
Issued ordinary shares	**1,181,433**	1,160,734
Effect of share options exercised and bonus perpetual subordinated convertible securities ("**PCSs**") converted	**1,212**	9,964
Effect of bonus issue of shares (with PCSs as an alternative)	**238,553**	243,337
Weighted average number of shares at 31 December	**1,421,198**	1,414,035

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK$743,799,000 (2015: HK$773,443,000) and the weighted average number of 1,788,148,000 shares (2015: 1,424,994,000 shares) in issue during the year, calculated as follows:

	2016	2015
	'000	*'000*
Weighted average number of shares (diluted)		
Weighted average number of shares	**1,421,198**	1,414,035
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	**10,123**	10,959
Effect of deemed issue of shares upon conversion of convertible bonds	**356,827**	–
Weighted average number of shares (diluted) at 31 December	**1,788,148**	1,424,994

9 DIVIDENDS

Dividends payable to equity shareholders of the Company and the holders of PCSs attributable to the year

	2016	2015
	HK$'000	*HK$'000*
No interim dividend declared and paid in respect of the interim period (2015: HK nil per ordinary share and unit of PCSs)	**–**	–
Final dividend proposed after the end of the reporting period of HK22 cents (2015: HK22 cents) per ordinary share and unit of PCSs	**312,912**	312,397
	312,912	312,397

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

10 TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Debtors, prepayments and deposits	**2,250,320**	1,887,497
Amount due from an associate *(Note (i))*	**–**	5,842
Amount due from a joint venture *(Note (ii))*	**–**	47,756
Amounts due from non-controlling shareholders *(Note (iii))*	**373,556**	555,158
	2,623,876	2,496,253

Notes:

(i) The balance at 31 December 2015 was unsecured, interest-free and recovered during the year.

(ii) The balance at 31 December 2015 was unsecured, interest-bearing at 12.5% per annum and recovered during the year.

(iii) Apart from the amount due from a non-controlling shareholder of HK$5,170,000 (2015: HK$2,388,000) which is interest-free, all of the balances are unsecured, interest-bearing at 3% (2015: 3% or 12.5%) per annum and recoverable on demand or within one year. The balances are neither past due nor impaired.

(iv) Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis based on due date at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
Current or under 1 month overdue	**30,933**	41,299
More than 1 month overdue and up to 3 months overdue	**354**	617
More than 3 months overdue and up to 6 months overdue	**755**	212
More than 6 months overdue and up to 1 year overdue	**2,676**	2,111
More than 1 year overdue	**2,837**	3,258
	37,555	47,497

(v) The Group maintains a defined credit policy and the exposures to the credit risks are monitored on an ongoing basis. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables.

(vi) The Group's certain rental receivables were pledged to secure bank loans.

11 TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Creditors and accrued charges	**5,173,023**	4,322,821
Rental and other deposits	**217,890**	133,729
Receipts in advance	**828,304**	4,953,225
Amounts due to non-controlling shareholders *(Note (i))*	**489,259**	587,960
Amount due to a related company *(Note (ii))*	**1,981**	45,014
	6,710,457	10,042,749

Notes:

(i) Apart from the amounts due to non-controlling shareholders of HK$250,330,000 (2015: HK$368,118,000) which are interest-free, all of the balances are unsecured, interest-bearing at 20% (2015: 20%) above the 1-year RMB benchmark lending rate as determined by the People's Bank of China and repayable within one year or on demand.

(ii) The balance is unsecured, interest-free and repayable on demand.

(iii) Included in trade and other payables are trade creditors with the following ageing analysis based on due date at the end of the reporting period:

	2016	2015
	HK$'000	*HK$'000*
Due within 1 month or on demand	**696,511**	1,640,249
Due after 1 month but within 3 months	**148,939**	213,409
Due after 3 months but within 6 months	**49,078**	8,319
Due after 6 months but within 1 year	**253,810**	133,632
Due after 1 year	**53,379**	15,400
	1,201,717	2,011,009

12 CAPITAL COMMITMENTS

	2016	2015
	HK$'000	*HK$'000*
Contracted for	**2,012,438**	2,632,406
Authorised but not contracted for	**2,452,633**	2,183,670
	4,465,071	4,816,076

Capital commitments are mainly related to development expenditure for the Group's properties under development.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Business in 2016

(1) Contracted Sales

In 2016, the Group recorded an aggregate of contracted sales of properties and contracted sales of car park units of approximately HK$4,048.3 million (of which approximately HK$3,897.1 million was from contracted sales of properties), representing a decrease of approximately 50.2% over 2015. The contracted saleable gross floor area ("**GFA**") was approximately 187,383 square metres ("**sq.m.**"), representing a decrease of approximately 52.7% over 2015. The average selling price ("**ASP**") of the Group's contracted sales of properties in 2016 was approximately HK$20,797.5 per sq.m. (2015: approximately HK$19,736.0 per sq.m.), representing an increase of approximately 5.4% as compared with 2015. The increase in the Group's overall ASP was mainly due to a larger proportion of contracted sales of properties generated from contracted sales of serviced apartments, and retail and residential units in various projects situated in Shanghai and Nanjing, which generally yielded a higher overall ASP. In addition, the Group's contracted sales of car park units in 2016 was approximately HK$151.2 million from the sale of 1,032 car park units.

A breakdown of the total contracted sales of the Group during the year ended 31 December 2016 is set out as follows:

(a) Contracted sales of properties

City	Project and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	*%*	*HK$ million*	*%*	*HK$/sq.m.*
Shenzhen	Hidden Valley – Shenzhen					
	– residential	962	0.5	75.1	1.9	78,066.5
Shanghai	Shanghai Shama Century Park					
	– serviced apartments	17,058	9.1	1,388.6	35.6	81,404.6
Nanchang	Nanchang Fashion Mark					
	– residential	9,740	5.2	183.7	4.7	18,860.4
	– retail	8,761	4.7	207.1	5.2	23,638.9
	– office	26,959	14.3	308.3	7.9	11,435.9
Sub-total		45,460	24.2	699.1	17.8	15,378.4

City	Project and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	*%*	*HK$ million*	*%*	*HK$/sq.m.*
Nanjing	The Sunny Land – Nanjing					
	– residential	14,190	7.6	279.5	7.2	19,697.0
	– retail	5,739	3.1	186.1	4.8	32,427.3
Sub-total		19,929	10.7	465.6	12.0	23,362.9
Nanjing	Nanjing Fashion Mark					
	– residential	2,058	1.1	36.7	0.9	17,832.8
	– retail	3,753	2.0	129.3	3.4	34,452.4
Sub-total		5,811	3.1	166.0	4.3	28,566.5
Sanhe	Beijing Top Spring Shunze Flower Garden					
	– residential	12,137	6.5	205.2	5.3	16,907.0
Hangzhou	The Spring Land – Hangzhou					
	– retail	2,306	1.2	59.9	1.5	25,975.7
Hangzhou	Hangzhou Hidden Valley					
	– residential	2,335	1.2	41.7	1.1	17,858.7
Huizhou	Huizhou Hidden Bay					
	– residential	36,025	19.2	420.9	10.8	11,683.6
Changzhou	Changzhou Fashion Mark					
	– residential	121	0.1	0.5	0.0	4,132.2
	– retail	463	0.2	5.4	0.2	11,663.1
Sub-total		584	0.3	5.9	0.2	10,102.7
Changzhou	Changzhou Le Leman City					
	– residential	24,257	13.0	165.4	4.2	6,818.7
	– retail	7,157	3.8	104.2	2.7	14,559.2
	– office	4,856	2.6	23.8	0.6	4,901.2
Sub-total		36,270	19.4	293.4	7.5	8,089.3
Tianjin	Tianjin Le Leman City					
	– residential	7,114	3.8	60.1	1.6	8,448.1
	– retail	1,392	0.8	15.6	0.4	11,206.9
Sub-total		8,506	4.6	75.7	2.0	8,899.6
Total		187,383	100.0	3,897.1	100.0	20,797.5

(b) Contracted sales of car park units

City	Project	Number of Contracted Sales of Car Park Units		Contracted Sales		Contracted ASP
		unit	*%*	*HK$ million*	*%*	*HK$/unit*
Shanghai	Shanghai Shama Century Park	59	5.7	19.6	13.0	332,203.4
Nanchang	Nanchang Fashion Mark	461	44.7	58.2	38.4	126,247.3
Nanjing	The Spring Land – Nanjing	151	14.6	29.1	19.2	192,715.2
Hangzhou	The Spring Land – Hangzhou	143	13.9	32.9	21.8	230,069.9
Changzhou	Changzhou Le Leman City	218	21.1	11.4	7.6	52,293.6
		1,032	100.0	151.2	100.0	146,511.6

(2) Projects Completed, Delivered and Booked in 2016

For the year ended 31 December 2016, the Group completed constructions of Nanchang Fashion Mark (Lot B14), Huizhou Hidden Bay, Changzhou Le Leman City Phase 10 (5-A), The Sunny Land – Nanjing and Tianjin Le Leman City with total saleable and leasable GFA of approximately 407,795 sq.m.

For the year ended 31 December 2016, the Group's property development business in Shenzhen, Nanchang, Nanjing, Hangzhou, Huizhou, Changzhou and Tianjin achieved a turnover from sale of properties (excluding sale of car park units), after deduction of sales return, of approximately HK$4,950.5 million with saleable GFA of approximately 337,848 sq.m. being recognised, decreased by approximately 47.6% and 40.6%, respectively, over the year ended 31 December 2015. The recognised ASP for the sale of properties was approximately HK$14,653.0 per sq.m. for the year ended 31 December 2016, representing a decrease of approximately 11.8% compared with approximately HK$16,609.5 per sq.m. for the year ended 31 December 2015.

For the year ended 31 December 2016, the Group delivered and recognised the sale of car park units, after deduction of sales return, with a total recognised sales amount and ASP of approximately HK$77.9 million and HK$141,894.4 per unit, respectively, from the sale of 549 car park units.

Details of the projects' completion, and sale of properties and car park units of the Group recognised in 2016 are listed below:

City	Project and Type of Project	Saleable/ leasable GFA of Properties Completed *sq.m.*	Saleable GFA Booked *sq.m.*	Sale of Properties Recognised *HK$ million*	Recognised ASP *HK$/sq.m.*
Shenzhen	The Spring Land – Shenzhen				
	– residential	–	185	3.8	20,605.4
Shenzhen	Shenzhen Hidden Valley				
	– residential	–	962	62.7	65,226.6
Nanchang	Nanchang Fashion Mark				
	– residential	–	20,034	354.3	17,687.2
	– retail and office	114,986	66,488	1,034.2	15,554.0
Sub-total		114,986	86,522	1,388.5	16,047.9
Nanjing	The Spring Land – Nanjing				
	– residential	–	237	6.5	27,733.1
	– retail	–	86	4.9	57,279.1
Sub-total		–	323	11.4	35,513.9
Nanjing	The Sunny Land – Nanjing				
	– residential	149,067	145,648	2,367.3	16,253.3
	– retail	8,398	4,734	121.9	25,751.8
Sub-total		157,465	150,382	2,489.2	16,552.2
Hangzhou	The Spring Land – Hangzhou				
	– residential	–	2,140	50.1	23,427.6
	– retail	–	6,323	164.8	26,065.0
Sub-total		–	8,463	214.9	25,392.9
Hangzhou	Hangzhou Hidden Valley				
	– residential	–	2,869	60.7	21,150.2
Huizhou	Huizhou Hidden Bay				
	– residential	56,541	18,342	183.1	9,982.7
Changzhou	Changzhou Fashion Mark				
	– residential	–	2,073	16.1	7,763.1
	– retail	–	664	12.0	18,105.4
Sub-total		–	2,737	28.1	10,271.8
Changzhou	Changzhou Le Leman City				
	– residential	46,317	42,273	271.7	6,426.3
	– retail	5,929	6,956	105.7	15,197.2
Sub-total		52,246	49,229	377.4	7,665.6
Tianjin	Tianjin Le Leman City				
	– residential	26,557	17,601	137.6	7,819.8
	– retail	–	674	6.8	10,135.0

City	Project and Type of Project	Saleable/ leasable GFA of Properties Completed *sq.m.*	Saleable GFA Booked *sq.m.*	Sale of Properties Recognised *HK$ million*	Recognised ASP *HK$/sq.m.*
Sub-total		26,557	18,275	144.4	7,905.1
Less: Sales return					
Changzhou	Changzhou Fashion Mark				
	– residential	–	(119)	(4.6)	38,911.6
Nanchang	Nanchang Fashion Mark				
	– residential	–	(138)	(2.0)	14,473.4
	– retail and office	–	(184)	(7.1)	38,446.5
Sub-total		–	(322)	(9.1)	28,260.9
Total		407,795	337,848	4,950.5	14,653.0

City	Project	Number of Car Park Units Booked *unit*	Sale of Car Park Units Recognised *HK$ million*	Recognised ASP *HK$/unit*
Nanjing	The Spring Land – Nanjing	137	26.8	195,620.4
Hangzhou	The Spring Land – Hangzhou	192	40.4	210,416.7
Changzhou	Changzhou Le Leman City	222	11.1	50,000.0
Sub-total		551	78.3	142,105.3
Less: sales return		(2)	(0.4)	200,000.0
Total		549	77.9	141,894.4

(3) Investment Properties (inclusive of investment properties classified as held for sale)

In addition to the sale of properties developed by the Group, the Group has also leased out or expects to lease out its investment property portfolio comprising mainly shopping malls, community commercial centres, retail shops, serviced apartments, office and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Nanchang Fashion Mark, Hangzhou Spring Land and Shanghai Shama Century Park in the PRC. As at 31 December 2016, the total fair value of the investment properties of the Group was approximately HK$6,709.3 million, representing approximately 25.8% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 434,852 sq.m. of which investment properties under operation with a leasable GFA of approximately 235,753 sq.m. had a fair value of approximately HK$5,464.6 million. A retail asset at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk, which was completed but yet to operate as at 31 December 2016, had leasable GFA of approximately 23,099 sq.m. and a fair value of approximately HK$178.6 million. The investment property comprising a shopping mall, retail shops and serviced apartments of Nanchang Fashion Mark, which was under development as at 31 December 2016, had leasable GFA of approximately 176,000 sq.m., and a fair value of approximately HK$1,066.1 million. The Group recorded approximately HK$230.6 million (net of deferred tax) (for the year ended 31 December 2015: approximately HK$215.9 million) as gain in fair value of its investment properties for the year ended 31 December 2016.

The Group carefully plans and selects tenants based on factors such as a project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. The presence of large-scale anchor tenants which the Group has attracted enhances the value of its projects. The Group enters into longer-term and more favourable lease contracts with such anchor and reputable tenants which include well-known brands, chain cinema operators, reputable restaurants and top operators of catering businesses. As at 31 December 2016, the GFA taken up by these anchor and reputable tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 35.9% (as at 31 December 2015: approximately 35.8%) of the Group's total leasable area in its investment properties under operation.

For the year ended 31 December 2016, the occupancy rate increased from approximately 81.9% as at 31 December 2015 to 83.4% as at 31 December 2016. Owing to the sale of Shanghai Shama Century Park, resulting in a reduction in the Group's leasable GFA, the Group generated rental income of approximately HK$278.0 million for the year ended 31 December 2016, representing a decrease of approximately 14.1% from approximately HK$323.7 million for the year ended 31 December 2015. The average monthly rental income of the Group's investment properties under operation for the year ended 31 December 2016 was approximately HK$117.8 per sq.m. (for the year ended 31 December 2015: approximately HK$131.2 per sq.m.). The decrease in the average monthly rental income was mainly attributable to the decrease in rental rate of the Group's existing investment property under operation, in particular, Shanghai Shama Century Park as well as the impact of depreciation of RMB against HKD during the year ended 31 December 2016.

Nanchang Fashion Mark, the Group's investment property under development as at 31 December 2016, is expected to complete construction and shall commence operation in 2019.

Details of the Group's investment properties as at 31 December 2016 and the Group's rental income for the year ended 31 December 2016 are set out as follows:

Investment Properties (inclusive of investment properties classified as held for sale)	**Leasable GFA as at 31 December 2016** *(Note 6)* *sq.m.*	**Fair Value as at 31 December 2016** *HK$ million*	**Rental Income for the year ended 31 December 2016** *HK$ million*	**Average Monthly Rental Income per sq.m. for the year ended 31 December 2016** *HK$/sq.m.*	**Occupancy Rate as at 31 December 2016** *%*
Investment properties under operation					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	78,068	1,413.4	56.0	69.2	86.4
Dongguan Landmark (Shopping mall and car park units)	20,172	518.0	37.8	156.2	100.0
Hangzhou Landmark (Shopping mall)	24,667	376.2	29.4	99.3	100.0
Shenzhen Water Flower Garden (Retail assets)	4,992	241.1	21.7	379.0	95.6
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets) *(Note 1)*	3,356	178.6	12.0	298.0	100.0
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	625.1	25.8	95.3	98.4
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets)	3,521	186.4	13.1	320.9	96.6
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets)	1,291	63.6	6.9	445.4	100.0
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets)	2,893	141.8	4.6	134.0	98.9
Changzhou Le Leman City Phase 11 (Retail assets) *(Note 2)*	16,858	122.8	1.4	10.9	63.5
Chengdu Fashion Mark (Shopping mall and car park units)	38,285	755.7	20.6	196.5	68.5
Shanghai Shama Century Park (Serviced apartments and car park units) *(Note 3)*	10,418	663.1	33.4	238.4	9.3
Hangzhou Spring Land (Office)	8,839	178.8	0.4	22.8	100.0
Shanghai Grand Pujian Residence *(Note 4)*	–	–	14.9	–	N/A
Sub-total	235,753	5,464.6	278.0	117.8	83.4
Investment property completed but yet to operate					
Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail assets)	23,099	178.6	–		

Investment Properties (inclusive of investment properties classified as held for sale)	Leasable GFA as at 31 December 2016 *(Note 6)*	Fair Value as at 31 December 2016	Rental Income for the year ended 31 December 2016	Average Monthly Rental Income per sq.m. for the year ended 31 December 2016	Occupancy Rate as at 31 December 2016
	sq.m.	*HK$ million*	*HK$ million*	*HK$/sq.m.*	*%*
Investment property under development					
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) *(Note 5)*	176,000	1,066.1	–		
Total	434,852	6,709.3	278.0		

Note 1: The unoccupied areas of the retail assets in The Spring Land – Shenzhen Phase 1 – Fashion Walk mainly represent the sales centre of The Spring Land – Shenzhen with leasable GFA of approximately 791 sq.m. which the Group intends to lease out in the future.

Note 2: The retail asset represents a habilitation and recreation centre of Changzhou Le Leman City Phase 11 for leasing purposes.

Note 3: As at 31 December 2016, leasable GFA of approximately 42,351 sq.m. out of approximately 49,357 sq.m. of Shanghai Shama Century Park had been sold since 2015 and approximately 24,614 sq.m was delivered during the year ended 31 December 2016.

Note 4: The property was disposed to an independent third party on 31 August 2016.

Note 5: The land use rights certificates of the investment property of Nanchang Fashion Mark were obtained in June 2013. The investment property is expected to complete construction and shall commence operation in 2019. This investment property is planned to comprise a shopping mall, retail shops and serviced apartments for leasing purposes with leasable GFA of approximately 118,000 sq.m., 38,000 sq.m. and 20,000 sq.m., respectively.

Note 6: The leasable GFA as at 31 December 2016 excluded car park units.

(4) Land Bank as at 31 December 2016

The Group is specialising in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC.

As at 31 December 2016, the Group had a total of 19 projects over 10 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 450,281 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 41,059 sq.m., an estimated net saleable/leasable GFA of projects held for future development of approximately 494,905 sq.m. and an estimated net saleable/leasable GFA of projects contracted to be acquired or under application for change in land use of approximately 1,365,709 sq.m., totalling an estimated net saleable/leasable GFA of approximately 2,351,954 sq.m.

As at 31 December 2016, the Group had a total of 19 projects over 10 cities in various stages of development with a total estimated net saleable/leasable GFA of approximately 2,351,954 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartments project), Shenzhen Fashion Mark (a redevelopment project), Shenzhen Buji Market Project (a redevelopment project), Shenzhen Jianshang Project (a redevelopment project) and Hong Kong Yuen Long Project (agricultural lots), the remaining estimated land bank of the Group of approximately 896,817 sq.m. has an average land cost of approximately HK$2,292.4 per sq.m.

Project no.	City	Project	Type of Property	Estimated Net Saleable/ Leasable GFA	Interest Attributable to the Group
				sq.m.	*%*
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,014	100.0
2	Shenzhen	The Spring Land – Shenzhen	Commercial	33,453	100.0
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100.0
4	Changzhou	Changzhou Fashion Mark	Residential/ Commercial	83,570	100.0
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	90,614	100.0
6	Dongguan	Dongguan Landmark	Commercial	20,172	100.0
7	Hangzhou	Hangzhou Landmark	Commercial	26,264	100.0
8	Hangzhou	The Spring Land – Hangzhou	Commercial/ Office	24,581	100.0
9	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100.0
10	Shanghai	Shanghai Shama Century Park	Serviced apartments	10,418	70.0
11	Tianjin	Tianjin Le Leman City	Residential/ Commercial	31,088	58.0
12	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	72,046	70.0
13	Nanjing	The Spring Land – Nanjing	Commercial	717	100.0
14	Nanjing	The Sunny Land – Nanjing	Residential/ Commercial	10,067	100.0
Sub-total				**450,281**	

Project no.	City	Project	Type of Property/ Land Use	Estimated Net Saleable/ Leasable GFA *sq.m.*	Interest Attributable to the Group *%*
Projects Under Development					
5	Changzhou	Changzhou Le Leman City	Residential	8,398	100.0
15	Shenzhen	Shenzhen Jianshang Project	Residential/ Commercial	32,661	80.0
Subtotal				**41,059**	
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	36,747	100.0
11	Tianjin	Tianjin Le Leman City	Commercial	50,850	100.0
12	Nanchang	Nanchang Fashion Mark	Commercial/ Office	345,959	70.0
16	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92.0
17	Shenzhen	Shenzhen Buji Market Project	Commercial	46,349	55.0
Subtotal				**494,905**	
Projects Contracted To Be Acquired or Under Application For Change in Land Use					
17	Shenzhen	Shenzhen Buji Market Project	Commercial	202,828	55.0
18	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial/ Office	1,139,280	100.0
19	Hong Kong	Hong Kong Yuen Long Project	Agricultural	23,601	100.0
Subtotal				**1,365,709**	
Total				**2,351,954**	

Details of land bank in major cities are set out below:

Region	**Estimated Net Saleable/ Leasable GFA** *sq.m.*	**Average land cost**(1) *HK$/sq.m.*
Shenzhen and surrounding regions (including Dongguan)	1,498,749	1,841.0
Hong Kong	23,601	N/A(2)
Shanghai	10,418	N/A(2)
Nanchang	418,005	2,717.7
Nanjing	10,784	9,847.2
Hangzhou	50,845	7,790.8
Changzhou	219,329	684.1
Tianjin	81,938	775.7
Chengdu	38,285	1,592.4
Total	2,351,954	2,292.4(1)

Notes:

(1) The average land cost excludes Shanghai Shama Century Park, Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Jianshang Project and Hong Kong Yuen Long Project and is based on the remaining estimated land bank of the Group of approximately 896,817 sq.m.

(2) N/A means not applicable.

Details of the new projects or land reserves acquired and interest agreed to be disposed of in existing projects from 1 January 2016 to the date of this announcement are set out below:

New projects or land reserves acquired:

City, Country	**Project or Land Reserves**	**Total Consideration**	**Estimated Net Saleable/ Leasable GFA**	**Estimated Number of Car Park Units**	**Interest Attributable to the Group**
Shanghai, PRC	Shanghai Puxing Project (1)	RMB752,751,900.76	57,353 sq.m.	315	85
Shanghai, PRC	Shanghai Grand Pujian Residence (2)	US$88,086,976.14	25,961 sq.m.	43	100
Hong Kong, PRC	Hong Kong Yuen Long Project (3)	HK$127,000,000	13,794 sq.m.	N/A(6)	100
Nanjing, PRC	Nanjing Hongshan Zoo Project (4)	RMB290,000,000.00	41,000 sq.m.	325	100
Sydney, Australia	Sydney St. Leonards Project (5)	AUD80,117,946	30,537 sq.m.	413	49

Notes:

(1) On 4 March 2016, the Group entered into a sale and purchase agreement pursuant to which the Group agreed to purchase 85% of the equity interest in 上海環建投資有限公司 (Shanghai Huanjian Investment Co., Ltd.*) from an independent third party and 0.85% of the equity interest in 上海環唐文化傳播有限公司 (Shanghai Huantang Cultural Communication Co., Ltd.*) from

another independent third party which owns Shanghai Puxing Project, at a total consideration of RMB752,751,900.76 (equivalent to approximately HK$893,591,781.39). The completion of the transaction took place on 16 March 2016. For details, please refer to the Company's announcement dated 7 March 2016.

(2) On 15 March 2016, the Group entered into a share purchase agreement with an independent third party, pursuant to which the Group agreed to purchase the entire issued share capital of Unique Prosper International Limited (宇興國際有限公司) ("**Unique Prosper**") which indirectly owns Shanghai Grand Pujian Residence, and assumed the shareholder loan owed by Unique Prosper, respectively. The aggregate value of the consideration is US$88,086,976.14 (equivalent to approximately HK$683,554,935) which comprises (i) the share consideration in the amount of US$33,036,976.14 (equivalent to approximately HK$256,366,935) which is inclusive of the working capital in the amount of US$825,465.37 (equivalent to approximately HK$6,405,611); and (ii) the shareholder loan consideration in the amount of US$55,050,000 (equivalent to approximately HK$427,188,000). The completion of the transaction took place on 30 March 2016. For details, please refer to the Company's announcement dated 15 March 2016.

(3) In July, August, September and November 2016, the Group entered into five sale and purchase agreements with various independent third parties, pursuant to which the Group agreed to purchase the relevant parcels of land (that is right next to the Group's landbank in Yuen Long) with an estimated net saleable and leasable GFA of approximately 13,794 sq.m. and at a combined consideration of HK$127,000,000. The completion of these transactions took place in August, September, December of 2016 and in January of 2017, respectively.

(4) On 14 February 2017, the Group successfully bid a parcel of commercial land in Nanjing through public auction at a consideration of RMB290,000,000 (equivalent to approximately HK$323,733,000). The Group entered into a land grant contract for the land with a total site area of approximately 23,295 sq.m. on 2 March 2017. As at the date of this announcement, the Group had yet to obtain the land use rights certificate of this commercial land.

(5) On 10 March 2017, the Group entered into a sale and purchase agreement with a connected person of the Company, pursuant to which (i) the connected person agreed to sell, and the Group or its nominee agreed to purchase 49% of the units in the Silver Pond Unit Trust (the "**Trust**") at the consideration in the estimated amount of AUD1,436,074 (equivalent to approximately HK$8,401,033) in which the Trust directly owns the 20 parcels of lands with an estimated net saleable GFA of approximately 30,537 sq.m. in St. Leonards of Sydney, New South Wales, Australia; and (ii) the connected person agreed to sell, and the Group or its nominee agreed to purchase 49% of the ordinary shares in Silver Pond Investments Pty Ltd (the "**Trustee**") at the consideration of AUD49 (equivalent to approximately HK$287). Pursuant to the sale and purchase agreement, the Group shall make a capital contribution in the amount of AUD78,681,823 (equivalent to approximately HK$460,288,665) as soon as practicable after the completion to be taken place in the future. The completion of this transaction is subject to certain conditions precedent including but not limited to the sale and purchase agreement and the sale and purchase of the units and the shares subject to the acquisition must be approved at a general meeting of the independent shareholders of the Company in accordance with the Listing Rules. For details, please refer to the Company's announcement dated 10 March 2017.

(6) N/A means not applicable.

The Group intends to continue to leverage its experience in identifying land in the PRC and/or outside the PRC with investment potential at advantageous times and acquiring land reserves which are or will be well connected with transportation and infrastructure developments. Moreover, the Group intends to continue to acquire new land or project in locations in the PRC and/or outside the PRC with vibrant economies and strong growth potential, in particular, Shenzhen, Shanghai, Nanjing, Hangzhou and Nanchang of the PRC as well as Hong Kong and Sydney of Australia in respect of the overseas cities.

Land reserves agreed to be disposed of:

On 12 January 2016, the Group entered into a supplemental cooperation agreement with the Tianjin Municipal People's Government Jinghai District ("**Jinghai Government**"), pursuant to which the Group shall surrender three parcels of land of the Group's Tianjin Le Leman City (the "**Land**") to Jinghai Government and Jinghai Government shall compensate the Group for an aggregate compensation amount of RMB316,047,700 (equivalent to approximately HK$376,096,763) for the surrender of the Land in accordance with the land surrender agreements entered into between the Group, the Bureau of Land and Resources of Jinghai District, and Tianjin Jinghai District Land Centre. As at 12 January 2016, the total site area of the Land was approximately 369,057 sq.m. For details, please refer to the Company's announcement dated 12 January 2016.

Projects agreed to be disposed of:

(1) On 19 May 2016, the Company entered into the framework agreement (as supplemented by a supplemental framework agreement and a second supplemental framework agreement both dated 22 July 2016) with Sunac China Holdings Limited ("**Sunac China**"), pursuant to which (i) the Company (or its designated companies) conditionally agreed to sell, and Sunac China (or its designated companies) conditionally agreed to purchase, the entire equity interest in each of the Target Companies (as defined in the Company's circular dated 26 July 2016) and Jun Hong Da (as defined in the Company's circular dated 26 July 2016); and (ii) Sunac China (or its designated companies) shall settle the respective intercompany loans of the Target Companies and Jun Hong Da and their respective subsidiaries. Subsequent to the entering into of the framework agreement, Beijing Huaxia (as defined in the Company's circular dated 26 July 2016) exercised its pre-emptive rights over the 51% equity interest in Sanhe Xue Zhe Zhi Jia (as defined in the Company's circular dated 26 July 2016) by acquiring the entire equity interest in Shenzhen Sheng Shuo (as defined in the Company's circular dated 26 July 2016) and hence, the transfer of the entire equity interest in Jun Hong Da from the Company to Sunac China would not proceed. Based on the second supplemental framework agreement dated 22 July 2016, the aggregate value of the consideration and the intercompany loans shall be RMB4,225,230,000 (equivalent to approximately HK$5,028,023,700). Out of the aggregate value of the consideration together with the intercompany loans, (i) RMB137,250,000 (equivalent to approximately HK$163,327,500) will be payable to an independent third party who holds 15% of the equity interest in Shanghai Huan Jian Investment Co., Ltd.* (上海環建投資有限公司) ("**Shanghai Huan Jian**"); and (ii) RMB4,087,980,000 (equivalent to approximately HK$4,864,696,200) will be payable to the Group. The Target Companies, directly or indirectly, own six property projects of the Group. For details, please refer to the Company's announcement, further announcement and circular dated 19 May 2016, 25 July 2016 and 26 July 2016, respectively.

As disclosed in the Company's announcement dated 19 May 2016, if there is a difference between (a) the actual intercompany loans as at the completion date of the framework agreement (the "**Completion Date**"); and (b) the intercompany loans as set out in the framework agreement, the intercompany loans will be adjusted accordingly. As there is a difference between the actual intercompany loans as at 31 August 2016 (being the date mutually agreed by the Group and Sunac China for determining the adjustment on the intercompany loans as at the Completion Date) and the intercompany loans (as adjusted under the second supplemental framework agreement), the intercompany loans was further adjusted to RMB1,782,440,000 (equivalent to approximately HK$2,121,103,600). The aggregate value of the consideration and the intercompany loans of the framework agreement was further adjusted to RMB3,901,570,000 (equivalent to approximately HK$4,642,868,300). Out of the aggregate value of the consideration together with the intercompany loans, (i) RMB137,250,000 (equivalent to approximately HK$163,327,500) shall be payable to an independent third party which held 15% of the equity interest in Shanghai Huan Jian; and (ii) RMB3,764,320,000 (equivalent to approximately HK$4,479,540,800) shall be payable to the Group. Save as disclosed above, there were no further adjustments on the consideration and the intercompany loans.

(2) On 8 July 2016, the Group entered into a share transfer agreement with Beijing Huaxia Shunze Investment Group Limited* (北京華夏順澤投資集團有限公司) ("**Beijing Huaxia**"), pursuant to which the Group agreed to sell, and Beijing Huaxia agreed to purchase, the entire equity interest in Shenzhen Sheng Shuo Investment Management Co., Ltd.* (深圳市盛碩投資管理有限公司) ("**Shenzhen Sheng Shuo**") at a consideration of RMB445,770,000 (equivalent to approximately HK$530,466,000), and the Group shall repay the loans of RMB40,520,000 (equivalent to approximately HK$48,218,800) owed to Shenzhen Sheng Shuo and its subsidiaries. As at the date of the share transfer agreement, Shenzhen Sheng Shuo held 51% of the equity interest in Sanhe Xue Zhe Zhi Jia Investment Co., Ltd.* (三河市學者之家投資有限公司) ("**Sanhe Xue Zhe Zhi Jia**"). Sanhe Xue Zhe Zhi Jia holds the entire equity interest in each of Sanhe Shunze Property Services Co., Ltd.* (三河市順澤物業服務有限公司) and Sanhe Shunze Property Development Co., Ltd.* (三河市順澤房地產開發有限公司). Sanhe Shunze Property Development Co., Ltd.* (三河市順澤房地產開發有限公司) is the owner of Beijing Top Spring Shunze Flower Garden. The completion took place on 19 August 2016. For details, please refer to the Company's announcement dated 8 July 2016.

(5) Expected Project Commencement in 2017

In 2017, the Group intends to commence construction of four projects with a total estimated saleable/leasable GFA of approximately 264,432 sq.m.

Details of the projects expected to commence construction in 2017 are set out below:

City	Project	Estimated Saleable/ Leasable GFA *sq.m.*
Shenzhen	Shenzhen Jianshang Project	32,661
Nanchang	Nanchang Fashion Mark	204,512
Tianjin	Tianjin Le Leman City	23,922
Hong Kong	Hong Kong Yuen Long Project	3,337
		264,432

BUSINESS REVIEW

Looking back in 2016, although domestic real estate market encountered the springing up of land king, and property price and sales volume continued to soar, the market atmosphere has suddenly cooled down with various property market adjustment policies in place since the second half of the year, and resulting in the Group facing various challenges, such as the decrease of contracted sales, saleable GFA and gross profit margin of the recognised sales in 2016, the increase of market financing costs and the tightening of financing facility as well as an increase in the operational risks like fierce competition for bidding of land/project in first- and second-tier cities of the PRC. It is fortunate that the Group had adopted a series of drastic reform measures to achieve stable results of the consolidated financial statements for the current year and a very healthy level of financial condition (especially the net gearing ratio).

In 2016, the Group launched 12 projects across 9 cities in the PRC, recorded an aggregate of contracted sales from the sale of properties and car park units plus subscribed pre-sales of approximately HK$4.57 billion, of which subscribed pre-sales amounted to approximately HK$525.0 million, representing a decrease of approximately 46.3% as compared with 2015. Excluding the subscribed pre-sales, the Group recorded contracted sales of approximately HK$4.05 billion from the sale of properties and car park units (of which approximately HK$3.90 billion was from contracted sales of properties with an area of 187,383 sq.m. and approximately HK$151.2 million was from contracted sales of 1,032 car park units) in 2016. The ASP of the contracted sales of properties was approximately HK$20,797.5 per sq.m., representing an increase of approximately 5.4% year-over-year. Benefited from the continuous positive feedback of project sale of Shanghai Shama Century Park located in Lujiazui, Pudong New District, Shanghai, the contracted sales of such single project amounted to over HK$1.3 billion in 2016, with ASP of approximately HK$81,404.6 per sq.m. which is higher than the ASP of the other second-hand properties in the same district and its ASP in 2015. The significant reduction of contracted sales was primarily due to some saleable resources planned to launch in 2016 were disposed in the form of transferring shares to other independent third parties and settling of intercompany loans of their respective projects, the aggregated amount of which was approximately HK$5.55 billion during 2016.

Other than the aforesaid contracted sales of the real estate projects in the PRC, the Group achieved reasonable investment returns and substantial cash returns through certain equity transfer of certain project companies. On 19 May 2016, the Group entered into a framework agreement with Sunac China in relation to the disposal of the Group's entire equity interest in seven project companies located in Sanhe Yanjiao, Shanghai, Nanjing, Hangzhou, Shenzhen and Huizhou to Sunac China (however, the Sanhe Yanjiao project was not included in the transaction eventually as another shareholder of the project had exercised its pre-emptive rights, and the transaction in respect of the sale of equity interest of such project originally held by the Group to Sunac China (or its designated companies) did not proceed). The total amount (including the consideration and the total intercompany loans) of this transaction with Sunac China amounted to approximately RMB3,901.6 million. The Group is of the view that the transaction is in the interest of the Group and its shareholders as a whole. Hangzhou Hidden Valley, a loss-making project located in Hangzhou which the Group faced severe operational difficulties, is one of the disposed projects and also the main purpose of these disposals. By casting off this project through such disposals, the Group was able to divest Hangzhou Hidden Valley and integrate its resources. Besides, on 8 July 2016, the Group entered into a share transfer agreement with Beijing Huaxia Shunze Investment Group Limited ("**Beijing Huaxia**"), pursuant to which the Group agreed to sell its 51% equity interest in Sanhe Yanjiao project (that is, Beijing Top Spring Shunze Flower Garden) to Beijing Huaxia. As a result of the above two transactions, the Group recorded other net income (before taxation) of approximately HK$682.3 million in total from such disposals, which reduced the Group's liabilities, enhanced the Group's asset structure and ensured sufficient capital to implement the Group's new strategy of re-focusing on the Pearl River Delta, the Yangtze River Delta, the Central China, and to support the Group's business transformation step by step.

In 2016, the Group's rental income from investment properties decreased from approximately HK$323.7 million in 2015 to approximately HK$278.0 million in 2016, representing a decrease of approximately 14.1%. This was mainly due to the Group's disposal and delivery of a part of Shanghai Shama Century Park in 2016 which resulted in the loss of certain tenants and a decrease of the total leasable GFA. Although the Group's rental income from investment properties decreased, the total occupancy rate still remains at a relative high level. The overall occupancy rate was approximately 83.4% (as at 31 December 2015: 81.9%) as at 31 December 2016. As of 31 December 2016, the Group's total leasable GFA of the operating investment property portfolio slightly decreased to approximately 235,753 sq.m compared to approximately 251,041 sq.m as at 31 December 2015. Together with the projects that are completed but yet to operate formally or to be completed in the next three years, the future total leasable GFA of the Group's investment property portfolio will reach up to approximately 434,852 sq.m. Its fair value was approximately HK$6,709.3 million as at 31 December 2016, representing approximately 25.8% of the Group's total asset value.

As at 31 December 2016, the land bank (that is, the net saleable/leasable GFA) of the Group was approximately 2,351,954 sq.m. In terms of land bank strategy, the Group will focus on the first- and second-tier cities in China, such as Shenzhen, Shanghai, Nanjing, Hangzhou and the core cities in Jiangxi Province such as Nanchang where working population is increasing, the transportation network is effective, the high speed rail, metro network and expressway are in operation or under construction, or economic growth potential is strong. As ever, the Group continues to maintain a prudent land bank strategy to look for land and new project acquisition opportunities. The current land bank of the Group will be sufficient for its development and operation for the next five to eight years. Therefore, in 2016 the Group indirectly acquired one redevelopment project in Dongguan (located in the surrounding area of Shenzhen) and two projects existing for industrial use in Shenzhen only by the form of cooperation. The site area available for construction of the three projects were approximately 106,000 sq.m., 32,000 sq.m. and 23,000 sq.m., respectively. The expected saleable GFA of such projects was not included in the land bank of the Group as at 31 December 2016 as these projects were in the process of application for redevelopment, indemnificatory housing development from industrial use and preliminary project approval. As for the overseas land bank expansion, following the Group's acquisition of a total of three parcels of land with expected GFA of approximately 130,000 sq.ft. in Yuen Long, Hong Kong (which is currently for agricultural use and located next to Tai Tong Road and Shap Pat Heung Road) through the acquisition of the respective holding companies at the end of 2015, in 2016, the Group and several independent third parties also entered into four respective sale and purchase agreements to acquire four parcels of agricultural land located next to the land held by the Group in Yuen Long, with an expected GFA of approximately 119,000 sq.ft. In addition, a sale and purchase contract in relation to a parcel of agricultural land with an expected GFA of approximately 18,931 sq.ft. has been entered into in 2016 and was completed in January 2017. The Group is considering to integrate the parcels of land and pay premium in the future to change the usage of the agricultural land to residential, for the purpose of the development of the Group's first residential project in Hong Kong.

In 2016, the Group commenced new construction on three projects with a net saleable/ leasable GFA of approximately 276,211 sq.m., representing a decrease of approximately 52.1% as compared with 2015. For the year ended 31 December 2016, the Group completed five projects with a net saleable/leasable GFA of approximately 407,795 sq.m., representing a decrease of approximately 18.4% as compared with 2015. As at 31 December 2016, the Group had a total of two projects under construction with a total estimated net saleable/leasable GFA of approximately 41,059 sq.m., representing a decrease of approximately 91.3% as compared with 31 December 2015.

At last, the Group, by virtue of its good creditworthiness, completed the subscription agreement with the relevant investors for the issue of the first and second tranche of the three-year convertible bonds due 2019 in an aggregate principal amount of US$200 million (with interest rate of 6% per annum) on 6 January and 21 March 2016, respectively. In addition, the Group also completed the domestic issue of RMB corporate bonds in a total issue size of RMB800 million with a coupon rate of 5.8% per annum (for a term of over three years but not more than five years on 14 September 2016. The successful domestic and overseas issue of bonds increased the flexibility on the fund utilisation for the Group, which was able to optimise the long-term and short-term debt structure.

FUTURE OUTLOOK

The Central Government is expected to continue its implementation of its tight policies on currency and real estate regulation and control to curb the housing bubbles

Since the second half of 2016, the Central Government's policies on domestic real estate has been regulated and positioned based on the principle that "House is not for speculation but for self-occupation" to stimulate the real estate market to grow steadily and healthily by classified implementation of financial controls on real estate, thereby promoting the inventory clearance. On 28 February 2017, Chinese President Xi Jinping once again stated at the 15th meeting of Leading Group for Financial and Economic Affairs held then that it is a must to resolutely manage the financial market chaos, to give full consideration to the characteristics of the real estate market, and to study the short-term and long-term long-acting mechanism. President Xi also mentioned that the measures to curb asset bubbles should be in place such as financial risk prevention, establishment of regulation and coordination mechanism, strengthening macro-prudential supervision, strengthening planning and coordination capabilities and prevention and resolution of systemic risks. In view of this, there will be a limited space for the Central Government to further loosen its monetary policies in the future, and it will rely more on the fiscal policies on real estate market stabilisation in the future. In fact, some key cities have begun to tighten their mortgage policies starting from the second half of 2016, so inventory clearance is still the top priority for all developers in 2017. Therefore, the Group believes that the golden age of domestic real estate has passed. The possibility to reap more profits in the future is relatively slender, so that all the resources acquired in the form of public land auction in first- and second-tier cities is not quite suitable for the Group. The Group will acquire the land and project resources by the way of mutual cooperation between companies, equity transfer, construction agency and light-asset model in the future. At the same time, the Group's success in realising a significant cash sum to obtain reasonable profits and reduce liabilities by transferring its shares in certain real estate project companies to other independent third parties in 2016 may serve as a possible new future operation model of the Group, which will be easier, faster and more direct for the Group to obtain reasonable returns on investment than self-development.

Active Exploration of Transformation into "International Healthcare Enterprise"

With (i) the domestic economic takeoff resulting in an enlargement of the middle-class group in the PRC during the latest two decades, (ii) increasing per capita income, (iii) the elderly population reaching a certain proportion of the total domestic population, and (iv) the increasing awareness of the health to people importance, the Group has realised the importance of the healthcare business. In view of this, as for the healthcare sector, the Group participated in, at the end of 2015, the capital increase in New China Life Excellent Health Investment Management Co., Ltd., a wholly-owned health check chain corporation established by New China Life Insurance Company Ltd. (Stock Code: 601336.SH) in 2011, and acquired 10% of its equity interest after the capital injection, and in the near future, the Group may consider taking more ways of direct investment and actively explore for the consolidation of the healthcare resources (including businesses of medicine production, product sales and trading center and projects of medical equipment) owned by other independent third parties and/or 雲南省城市建設投資集團有限公司 (Yunnan Metropolitan Construction Investment Group Co., Ltd*), the Group's state-owned shareholder, to become a leading healthcare resource investor and operator in the PRC. Furthermore, the Group will take advantage of the huge market demand arising from Chinese social and economic transformation, striving to seek for the direction of the Group's diversified investment and development in the future. The above transformation plan is expected to enable the Group to create a stable profit growth and achieve the ultimate target of capital appreciation in the future so as to break the situation where the PRC real estate enterprises have long been underestimated in the Hong Kong capital market.

Profit maximisation: Maintain and moderately increase rental properties with stable growth, and tap into overseas real estate markets

The Group adheres to the principle of "profit maximisation" to conduct sales of its existing and potential projects based on profit maximisation for its shareholders. Unless there is an issue on capital sufficiency or high inventory level, the Group will not apply price-cut strategy to its property sales. The Group's saleable resources in 2017 are RMB5.5 billion (equivalent to approximately HK$6.1 billion) with a total saleable GFA of approximately 131,901 sq.m. These saleable resources, which comprise residential units, serviced apartments, retail properties, offices and car park units, are expected to be launched for sale in 2017. The Group will alternatively consider asset realisation by way of cooperation in projects or transfer of equity interest from time to time.

Looking forward, the Group considers that the rental income with a steady rise is very important. Currently, the Group has rental properties of approximately 235,000 sq.m., which is able to bring the Group with rental income of not less than HK$200 million per annum and it is expected that the rental income may raise even higher by holding more self-owned properties in the future. At the same time, the Group believes that, people in the Mainland are interested in making more investments in overseas real estate properties due to capital appreciation resulting from the mainland's quantitative easing, the continued depreciation of RMB against US Dollar and the effect from wealth accumulation of domestic citizens. With this change, the Group's future investments will cover some western advanced countries and the countries that domestic people will be interested in emigration and investment, such as Australia, the United Kingdom ("**UK**"), the United States of America and in particular, Hong Kong which is closely linked to the Mainland. Except for a very good return in the UK's real estate investment in the past, the Group currently has a residential development project by purchasing considerable scale of agricultural lots in Yuen Long, Hong Kong. It will be an alternative way to obtain real estate projects in Hong Kong for many mainland real estate companies which have recently tendered for lands in Hong Kong recently. The Group believes that it would not rule out the possibility of expanding investments in Hong Kong because the relevant financing costs, simple and efficient tax structure, strong US Dollar and housing demand of real estate investment projects in Hong Kong are favourable factors and could possibly bring good returns. Finally, the Group just announced on 10 March 2017 that it acquired 49% of the units of a trust from a connected person, obtaining 49% of the development right and ownership of a residential project in Sydney, Australia. The Group believes that the project is located in a prime location in proximity to Sydney's city centre with convenient transportation and good environment. Therefore, an increase in overall housing demand of Sydney is expected according to the future population growth in Sydney and the recent huge investment in public infrastructure by the local government of Sydney.

FINANCIAL REVIEW

In 2016, the Group's consolidated revenue and profit attributable to equity shareholders of the Company reached approximately HK$5,558.7 million and HK$866.4 million, respectively, decreased by approximately 47.2% and increased by approximately 12.0%, respectively, as compared with 2015. For the year ended 31 December 2016, the Group's basic earnings per Share increased by approximately 10.9% as compared with 2015 to approximately HK$0.61. Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs decreased by approximately 6.8% as compared with approximately HK$4.4 as at 31 December 2015 to approximately HK$4.1 as at 31 December 2016.

In order to maintain a stable dividend policy, the Board has recommended the payment of a final dividend of HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2016 (for the year ended 31 December 2015: HK22 cents per Share), subject to the approval by shareholders of the Company at the forthcoming annual general meeting of the Company. The dividend payout ratio for the year ended 31 December 2016 was approximately 36.1% (for the year ended 31 December 2015: approximately 40.4%).

Revenue

Revenue represents income from sale of properties, rental income, income from hotel operations, and income from provision of property management and related services earned during the period, net of business tax, value-added tax and other sales related taxes and discounts allowed.

Revenue for the year ended 31 December 2016 decreased by approximately 47.2% to approximately HK$5,558.7 million from approximately HK$10,519.7 million for the year ended 31 December 2015. This decrease was primarily due to a decrease in the Group's income from sale of properties. The Group recognised property sales of approximately HK$5,028.5 million, representing approximately 90.5% of the revenue. The remaining approximately 9.5% revenue represented rental income, income from hotel operations, and property management and related services income.

Revenue from the Group's sale of properties decreased by approximately 49.7% in 2016 as compared with 2015 primarily due to a decrease of approximately 40.6% in the Group's total saleable GFA sold and delivered (excluding sale of car park units), after deduction of sales return, from approximately 568,920 sq.m. in 2015, to approximately 337,848 sq.m. in 2016. The Group's rental income decreased primarily due to certain investment properties under operation were sold and delivered leading to a decrease in the leasable GFA of the Group's investment properties under operation for the year ended 31 December 2016. Income from the Group's hotel operations remained stable as compared with 2015. As a result of an increase in the accumulated GFA of the properties managed by the Group, the income from the property management and related services increased.

Direct costs

The principal component of direct costs is the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalised borrowing costs during the construction period, the cost of rental income, the cost of hotel operations and the cost of property management and related services. The Group recognises the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in such period.

The Group's direct costs decreased to approximately HK$4,548.1 million for the year ended 31 December 2016 from approximately HK$7,324.9 million for the year ended 31 December 2015. This decrease was primarily attributable to the decrease in the saleable GFA of the Group's properties completed and delivered for the year ended 31 December 2016.

Gross profit

The Group's gross profit decreased by approximately 68.4% to approximately HK$1,010.6 million for the year ended 31 December 2016 from approximately HK$3,194.8 million for the year ended 31 December 2015. The Group reported a gross profit margin of approximately 18.2% for the year ended 31 December 2016 as compared with approximately 30.4% for the year ended 31 December 2015. The decrease in gross profit margin was primarily due to a higher proportion of properties sold and delivered from The Sunny Land – Nanjing in 2016 which offered a relatively lower gross profit margin.

Other revenue

Other revenue decreased by approximately HK$42.3 million, or approximately 18.1%, to approximately HK$191.1 million in 2016 from approximately HK$233.4 million in 2015. The decrease was primarily attributable to the decrease in bank and other interest income of approximately HK$51.4 million due to a decrease in average bank balances during 2016.

Other net income/(loss)

Other net loss of approximately HK$121.2 million in 2015 changed to other net income of approximately HK$735.9 million in 2016. The change was primarily attributable to the disposal gain of equity interests in certain subsidiaries of the Group and the recognition of the fair value change on conversion option embedded in convertible bonds of approximately HK$682.3 million and HK$149.4 million, respectively, in 2016.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately 25.2% to approximately HK$182.5 million for the year ended 31 December 2016 from approximately HK$244.0 million for the year ended 31 December 2015. The decrease was primarily attributable to the reductions in advertising expenses and show flat set up costs incurred in 2016 as compared with 2015. Selling and marketing expenses accounted for approximately 4.5% of total contracted sales amount in 2016 (2015: approximately 3.0%).

Administrative expenses

Administrative expenses increased by approximately 13.9% to approximately HK$750.9 million for the year ended 31 December 2016 from approximately HK$659.0 million for the year ended 31 December 2015. The increase was due to the recognition of other taxes arising from delivering the investment properties classified as held for sale and construction advisory fee increased by approximately HK$48.5 million and HK$53.8 million, respectively, in 2016 as compared with 2015.

Valuation gains on investment properties and investment properties classified as held for sale

Valuation gains on investment properties and investment properties classified as held for sale decreased by approximately 5.0% to approximately HK$436.0 million for the year ended 31 December 2016 from approximately HK$459.0 million for the year ended 31 December 2015. Approximately HK$331.1 million out of the total valuation gain of approximately HK$436.0 million was recorded as a fair value gain from Shanghai Shama Century Park. The Group has launched the sale of Shanghai Shama Century Park, an operational serviced apartments, since 2015, which a relatively high fair value gain was recognised during the year as driven by the high contracted ASP achieved being one of the key factors adopted in the valuation of Shanghai Shama Century Park.

Finance costs

Finance costs increased by approximately 33.4% to approximately HK$679.4 million for the year ended 31 December 2016 from approximately HK$509.3 million for the year ended 31 December 2015. The increase was primarily attributable to the significant decrease in the percentage of interest expenses being qualified for capitalisation from approximately 47.8% from the year ended 31 December 2015 to approximately 21.7% for the year ended 31 December 2016.

Income tax

Income tax expenses of approximately HK$1,243.1 million in 2015 changed to an income tax credit of approximately HK$149.2 million in 2016. The change was primarily attributable to the effect of tax reversal arising from over-provision for LAT of a subsidiary of Changzhou, as well as over-provision for CIT and LAT of a subsidiary of Shenzhen of approximately HK$160.8 million, HK$500.9 million and HK$851.7 million (with corresponding reversal of deferred tax assets of HK$468.5 million), respectively, as a result of the respective final tax settlement notices granted by the PRC tax authority over the aforesaid entities in 2016.

Net profit margin and core net profit

The net profit margin of the Group (profit for the year to revenue) increased from approximately 10.0% in 2015 to approximately 16.3% in 2016. The core net profit[(note)], however, decreased by approximately 43.4% from approximately HK$777.8 million for the year ended 31 December 2015 to approximately HK$440.3 million for the year ended 31 December 2016.

Note: The core net profit is defined as profit for the year excluding the valuation gains on investment properties, investment properties classified as held for sale (net of deferred tax), fair value change on conversion option embedded in convertible bonds and net exchange gain or loss recognised in the consolidated statement of profit or loss of the Group.

Non-controlling interests

The profit attributable to non-controlling interests was approximately HK$37.2 million for the year ended 31 December 2016 (for the year ended 31 December 2015: approximately HK$280.3 million). The decrease was primarily due to the decreased profit of a non-wholly owned subsidiary (which holds Nanchang Fashion Mark) shared by the non-controlling interests from approximately HK$263.0 million in 2015 to approximately HK$74.3 million in 2016.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2016, the carrying amount of the Group's cash and bank deposits was approximately HK$6,201.8 million (as at 31 December 2015: approximately HK$5,649.7 million), representing an increase of approximately 9.8% as compared with that as at 31 December 2015.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings, convertible bonds, bonds payable, note payable and amounts due to non-controlling shareholders) as at 31 December 2016 of approximately HK$9,161.9 million, of which approximately HK$3,252.7 million is repayable within one year, approximately HK$5,454.3 million is repayable after one year but within five years and approximately HK$454.9 million is repayable after five years.

As at 31 December 2016, the Group's bank loans of approximately HK$4,658.2 million (as at 31 December 2015: approximately HK$7,620.4 million), bonds payable and note payable were secured by certain investment properties (inclusive of investment properties classified as held for sale), hotel properties, other land and buildings, leasehold land held for development for sale, properties under development for sale, completed properties for sale, pledged deposits and rental receivables of the Group with total carrying values of approximately HK$9,878.2 million (as at 31 December 2015: approximately HK$18,145.5 million). As at 31 December 2016, the Group's convertible bonds were secured by equity interests of certain subsidiaries of the Group. As at 31 December 2016, the Group's note payable was secured by certain investment properties.

The carrying amounts of all the Group's bank and other borrowings, bonds payable and note payable were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK$2,135.6 million (as at 31 December 2015: approximately HK$2,254.5 million) and HK$1,834.2 million (as at 31 December 2015: approximately HK$932.1 million) as at 31 December 2016 which were denominated in Hong Kong dollars and US dollars, respectively.

As at 31 December 2016, the Group's interest in a joint venture with a carrying amount of HK$40.0 million was pledged as a security for a bank loan granted to the joint venture.

As at 31 December 2016, the Group had bank borrowings of approximately HK$690.6 million and other borrowings of approximately HK$352.8 million which bore fixed interest rates ranging from 2.2% to 8.0% per annum.

RMB990,000,000 unlisted note due 2018 (the "Note")

The Note is in the principal amount of RMB990,000,000 (equivalent to approximately HK$1,247,400,000) and bears interest from and including 15 June 2015, being the date of issue of the Note, at the rate of 10.595% per annum, payable quarterly in arrears, up to the date of redemption of the Note. For details, please refer to the Company's announcement dated 29 May 2015.

RMB800,000,000 first tranche corporate bonds due 2021 (the "Corporate Bonds")

Shenzhen Shen Guo Tou Property Development Co., Ltd.* (深圳深國投房地產開發有限公司) ("**Shen Guo Tou**"), an indirect wholly-owned subsidiary of the Company established in the PRC, received the "Approval Letter for the Public Offering of Corporate Bonds of Shen Guo Tou to Qualified Investors" (Zheng Jian Xu Ke [2016] No. 1364) from the China Securities Regulatory Commission ("**CSRC**") pursuant to which CSRC approved Shen Guo Tou to issue the Corporate Bonds of up to RMB4,000,000,000 to qualified investors. For details, please refer to the Company's announcement dated 9 September 2016.

On 14 September 2016, a total size of the first tranche Corporate Bonds of RMB800,000,000 (which comprises (i) Corporate Bonds in the principal amount of RMB500,000,000; and (ii) additional Corporate Bonds in the amount of RMB300,000,000 upon the exercise of the over-allotment option) was issued at the coupon rate of 5.8% per annum. The first tranche Corporate Bonds were listed on the Shenzhen Stock Exchange on 25 November 2016. For details, please refer to the Company's announcements dated 14 September 2016 and 22 November 2016, respectively.

US$200 million convertible bonds due 2019 (the "Bonds")

On 28 December 2015, the Company entered into the subscription agreements (the "**Subscription Agreements**") with Lord Business Holding IV Limited, Great Wall Pan Asia International Investment Co., Limited, China Orient Enhanced Income Fund and Caiyun International Investment Limited* (彩雲國際投資有限公司) (collectively referred to as "**Investors**") pursuant to which, on the terms and subject to the conditions of the Subscription Agreements, the Company has agreed to issue, and the Investors have agreed to subscribe and pay for the Bonds in the aggregate principal amount of US$200 million due 2019. For details, please refer to the Company's announcement dated 29 December 2015.

The Bonds in the aggregate principal amount of US$100 million each were issued to the respective Investors on 6 January 2016 and 21 March 2016, respectively. For details, please refer to the Company's announcements dated 6 January 2016 and 21 March 2016, respectively.

The Bonds bear interest at the rate of 6.0% per annum payable semi-annually in arrear on 6 January and 6 July in each year. The liability component of the Bonds is stated at amortised cost and the conversion option is stated at fair value after initial recognition.

The aggregate net proceeds of the Bonds amounted to approximately HK$1,527.3 million (after deducting fees and expenses). During the year ended 31 December 2016, such net proceeds were applied in the manner consistent with that set out in the Company's circular dated 26 February 2016.

As at 31 December 2016, the Group recognised derivative financial instruments relating to the conversion option and liability component of the Bonds of approximately HK$155.3 million and approximately HK$1,384.7 million, respectively.

The Bonds will, at the option of the bondholders, be convertible into fully paid ordinary shares in the issued and paid up capital of the Company at an initial conversion price of HK$3.8289 per Share, but will be subject to adjustment in accordance with the terms and conditions of the Bonds. If the Bonds have not been converted, they will be redeemed at US$1,136.04 in respect of each Calculation Amount (as defined in the Company's circular dated 26 February 2016) on 6 January 2019 together with interest accrued but unpaid to (but excluding) such date (if any). If the Bonds are fully converted into Shares, it will be converted into 404,957,036 Shares, representing approximately 34.2% of the total issued share capital of the Company as at 31 December 2016.

Pursuant to the terms and conditions of the Bonds, the proposed payment of a 2016 final dividend as recommended by the Board to be approved by the Shareholders at a forthcoming annual general meeting will have an adjustment on the conversion price of the Bonds. Upon the approval of the 2016 final dividend, the Company will issue a separate announcement in respect of the adjustment on the conversion price accordingly.

Cost of borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings during the year) was approximately 8.6% in 2016 (2015: approximately 7.4%).

Net gearing ratio

The net gearing ratio is calculated by dividing the Group's net borrowings (total borrowings net of cash and cash equivalents, and restricted and pledged deposits) by the total equity. The Group's net gearing ratio decreased from approximately 72.5% as at 31 December 2015 to approximately 43.3% as at 31 December 2016. The net gearing ratio decreased as a result of the increase in cash position of the Group and decrease in the interest-bearing borrowings of the Group as at 31 December 2016 owing to the disposal of certain project companies during 2016.

Foreign exchange risk

As at 31 December 2016, the Group had cash balances denominated in RMB of approximately RMB5,305.8 million (equivalent to approximately HK$5,923.0 million), and in US dollars of approximately US$12.2 million (equivalent to approximately HK$94.3 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars or US dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or US dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC Government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

NET ASSETS PER SHARE

Net assets per Share of the Company as at 31 December 2016 and 31 December 2015 are calculated as follows:

	As at 31 December 2016	As at 31 December 2015
Net assets attributable to equity shareholders of the Company *(HK$'000)*	**5,898,896**	6,225,851
Number of issued ordinary Shares *('000)*	**1,183,776**	1,181,433
Number of outstanding PCSs *('000)*	**238,553**	238,553
Number of Shares for the calculation of net assets per Share *('000)*	**1,422,329**	1,419,986
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs *(HK$) (Note)*	**4.1**	4.4

Note: The net assets per Share attributable to equity shareholders of the Company and the holders of PCSs is calculated as if the holders of PCSs have converted the PCSs into Shares as at 31 December 2016 and 31 December 2015.

The decrease in net assets per Share attributable to equity shareholders of the Company and the holders of PCSs from HK$4.4 as at 31 December 2015 to HK$4.1 as at 31 December 2016 was mainly due to the depreciation of RMB against HKD and the payment of 2015 final dividend resulting in a reduction in the Group's net asset value despite there was a net profit for the year recorded during the year ended 31 December 2016.

CONTINGENT LIABILITIES

As at 31 December 2016, save for the guarantees of approximately HK$4,508.5 million (as at 31 December 2015: approximately HK$3,876.5 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, and guarantee in the amount of RMB1,500.0 million (equivalent to approximately HK$1,674.7 million) provided to a bank for a loan granted by the bank to a joint venture of the Group, the Group had no other material contingent liabilities.

Pursuant to the mortgage contracts, banks require the Group to guarantee its purchasers' mortgage loans until it completes the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to its purchasers. If a purchaser defaults on a mortgage loan, the Group may have to repurchase the underlying property by paying off the mortgage. If the Group fails to do so, the mortgagee bank may auction the underlying property and recover any shortfall from the Group as the guarantor of the mortgage loan.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

(a) On 15 January 2016, the Group entered into an equity transfer agreement with an independent third party, pursuant to which the Group agreed to sell 3.0558% of the equity interest of 上海楓丹麗舍房地產開發有限公司 (Shanghai Fengdan Lishe Real Estate Development Co., Ltd.*), including the shareholder's loan and received the consideration of RMB106,953,000 (equivalent to approximately HK$127,274,070). The Group recorded a gain (before tax) of approximately HK$100,397,000 from the disposal. For details, please refer to the Company's announcement dated 15 January 2016.

(b) On 30 June 2016, the Group entered into a termination agreement with 北京陽光順澤投資有限公司 (Beijing Yang Guang Shunze Investment Company Limited*) ("**Beijing Shunze**") to terminate the co-operation agreement dated 15 September 2014 entered into between the Group and Beijing Shunze (the "**Termination**"). As a result of the Termination, Beijing Shunze shall transfer 40% of the equity interest in 深圳市萊蒙都會投資發展有限公司 (Shenzhen Top Spring Fashion Mark Investment Development Company Limited*) ("**Shenzhen Top Spring**"), a joint venture company which the Group held 60% of equity interest prior to the Termination, to the Group at a consideration of RMB4,000,000 (equivalent to approximately HK$4,760,000) and Shenzhen Top Spring shall repay the outstanding shareholder's loan in the amount of RMB36,000,000 (equivalent to approximately HK$42,840,000) (without interest) to Beijing Shunze. The completion of the Termination took place on 15 July 2016. As such, the Group holds the entire equity interest in Shenzhen Top Spring and undertakes the development of Shenzhen Fashion Mark on a sole basis. For details of the Termination, please refer to the Company's announcement dated 30 June 2016.

Save as disclosed above and elsewhere in this announcement, the Group did not have any material acquisitions or disposals of assets during the year ended 31 December 2016.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group employed a total of approximately 1,499 employees (as at 31 December 2015: 1,711 employees) in the PRC, Hong Kong and other locations, of which, approximately 114 were under the headquarters team, approximately 281 were under the property development division and approximately 1,104 were under the retail operation and property management division. For the year ended 31 December 2016, the total staff costs incurred was approximately HK$269.3 million (for the year ended 31 December 2015: approximately HK$268.9 million). The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, fringe benefits, cash bonus and equity settled share-based payment.

The Company adopted a pre-IPO share option scheme and a share award scheme on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the year ended 31 December 2016, 1,502,666 (for the year ended 31 December 2015: 7,572,499) share options had been exercised by the grantees and a total number of 14,832 (for the year ended 31 December 2015: 432) share options had been lapsed upon the resignation of certain grantees. As a result, 11,494,096 (as at 31 December 2015: 13,011,594) share options were outstanding as at 31 December 2016 under the pre-IPO share option scheme.

The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012, 20 June 2013, 28 April 2015, 8 September 2015, 23 October 2015 and 5 December 2016, the Group granted 15,720,000 share options (Lot 1), 14,000,000 share options (Lot 2), 82,650,000 share options (Lot 3), 3,000,000 share options (Lot 4), 10,000,000 share options (Lot 5) and 31,000,000 share options (Lot 6), respectively, under the post-IPO share option scheme at the exercise prices of HK$2.264 per Share (adjusted), HK$4.14 per Share, HK$3.3 per Share, HK$3.65 per Share, HK$3.45 per Share and HK$2.796 per Share, respectively, to certain Directors, senior management and selected employees of the Group.

Movement of the outstanding share options under the pre-IPO and post-IPO share option schemes for the year ended 31 December 2016 is as follows:

	Expercise price *HK$ per Share*	As at 1 January 2016	Share options granted	Share options exercised	Share options cancelled	Share options lapsed	As at 31 December 2016
Pre-IPO	1.78	13,011,594	–	1,502,666	–	14,832	11,494,096
Lot 1	2.264	12,103,500	–	840,000	–	420,000	10,843,500
Lot 2	4.14	8,150,000	–	–	–	300,000	7,850,000
Lot 3	3.3	69,650,000	–	–	–	4,790,000	64,860,000
Lot 4	3.65	2,700,000	–	–	–	700,000	2,000,000
Lot 5	3.45	10,000,000	–	–	–	–	10,000,000
Lot 6	2.796	–	31,000,000	–	–	–	31,000,000
		115,615,094	31,000,000	2,342,666	–	6,224,832	138,047,596

ANNUAL GENERAL MEETING

An annual general meeting (the "**AGM**") of the Company is scheduled to be held on Tuesday, 23 May 2017, notice of which will be published and despatched to the Shareholders as soon as practicable in accordance with the Company's articles of association (the "**Articles**") and the Listing Rules.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2016 (for the year ended 31 December 2015: HK22 cents) to Shareholders and holders of PCSs whose names appear on the register of members or the register of holders of PCSs of the Company on Friday, 9 June 2017. Upon approval by the Shareholders at the AGM, it is expected that the final dividend will be payable on Friday, 16 June 2017.

CLOSURE OF REGISTER OF MEMBERS AND REGISTER OF HOLDERS OF THE PCSs

For the purposes of determining the eligibility of the Shareholders to attend and vote at the AGM and their entitlements to the proposed final dividend, the register of members and the register of holders of the PCSs of the Company will be closed as set out below:

(i) For determining the eligibility of the Shareholders to attend and vote at the AGM or any adjournment of such meeting:

The register of members and the register of holders of the PCSs of the Company will be closed from Thursday, 18 May 2017 to Tuesday, 23 May 2017 (both days inclusive), during which period no transfer of the Shares and PCSs will be effected.

In order to qualify for attending and voting at the AGM or any adjournment of such meeting, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar ("**Hong Kong Share Registrar**"), Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Wednesday, 17 May 2017; and (b) in the case of the PCSs, the notice of conversion in prescribed form, together with the relevant certificate of the PCSs and confirmation that any amounts required to be paid by the holder of the PCSs have been so paid, must be duly completed, executed and deposited with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 10 May 2017.

The record date for such purposes is Tuesday, 23 May 2017.

(ii) For determining the entitlement of the Shareholders and the holders of PCSs to the proposed final dividend:

The register of members and the register of holders of the PCSs of the Company will be closed from Tuesday, 6 June 2017 to Friday, 9 June 2017 (both days inclusive), during which period no transfer of the Shares and PCSs will be effected.

In order to qualify for the proposed final dividend, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 5 June 2017; and (b) in the case of the PCSs, all transfers of the PCSs accompanied by the relevant certificate of the PCSs must be lodged with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 29 May 2017.

The record date for such purposes is Friday, 9 June 2017.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the Code Provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**CG Code**") during the year ended 31 December 2016 and, where appropriate, adopted the Recommended Best Practices set out in the CG Code, except for the following deviations:

Under Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2016, Mr WONG Chun Hong performed his duties as the chairman and a co-chief executive officer of the Company. The Board believes that the serving by the same individual as the chairman and a co-chief executive officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. Since the appointment of Mr CHEN Feng Yang as a co-chief executive officer, the powers and authorities between the co-chief executive officers have not been concentrated as the responsibilities have been shared between the co-chief executive officers. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

In respect of Code Provision E.1.2 of the CG Code, Ms LI Yan Jie, the chairman of the Corporate Governance Committee, and Professor WU Si Zong, the chairman of the Nomination Committee were unable to attend the annual general meeting of the Company held on 23 May 2016 of ("**2016 AGM**") due to other business engagement. Other committee members, however, attended the 2016 AGM and made themselves available to answer questions to ensure effective communication with the shareholders of the Company.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the Shareholders.

Details of the Company's corporate governance practices will be set out in the Company's 2016 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2016.

REVIEW OF CONSOLIDATED ANNUAL RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting principles and practice adopted by the Group and has reviewed the consolidated annual results of the Group for the year ended 31 December 2016. The audit committee of the Board comprises three independent non-executive Directors, namely Mr CHENG Yuk Wo (Chairman), Professor WU Si Zong and Mr LEUNG Kwong Choi.

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the auditor.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and at the website of the Company at www.topspring.com. The annual report will be despatched to the Shareholders and available on the above websites in due course.

By Order of the Board
Top Spring International Holdings Limited
WONG Chun Hong
Chairman

Hong Kong, 31 March 2017

As at the date of this announcement, the executive Directors are Mr WONG Chun Hong, Ms LI Yan Jie, Mr CHEN Feng Yang and Mr WANG Tian Ye; the non-executive Directors are Mr XU Lei and Mr CHIANG Kok Sung Lawrence; and the independent non-executive Directors are Mr CHENG Yuk Wo, Professor WU Si Zong and Mr LEUNG Kwong Choi.

Note: Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as total sums in certain tables may not be an arithmetic aggregation of figures preceding them.