BUILDING ICONS

ANNUAL REPORT 2016

YANLORD LAND GROUP LIMITED

BUILDING ICONS

CREATING GREATER VALUE WITH A GROWING PRESENCE IN CHINA

Projects showed from left and top

Sanya Hai Tang Bay – Land Parcel 9
三亚海棠湾 – 9号地块

Yanlord on the Park, Shanghai 上海仁恒世纪公寓

Suzhou Wuzhong Area C1 Land – Villas
苏州吴中区C1地块 – 别墅

Yanlord Marina Centre, Zhuhai 珠海仁恒滨海中心

Led by a dynamic mission and strategic vision, Yanlord sought to pave the way forward and establish our brand in the People's Republic of China (PRC) in the early 1990s. Since then, we have grown from strength to strength, honing our experience and expertise with every project and performance. Over two decades, Yanlord has evolved to become a builder of homes, dreams and icons.

Just as China's real estate sector continues to thrive, so have we. Despite operating in a challenging global economy, Yanlord remains resilient to deliver solid results to our stakeholders, buoyed by the healthy recovery in China's real estate market as well as our growing presence in the region. With a track record in developing key properties, our brand name, just like the properties we build, is now an icon in itself. At Yanlord, we are committed to building an iconic brand – one that inspires cityscapes and enriches lives.

Project showed on this page
Yanlord on the Park, Shanghai 上海仁恒世纪公寓

// MISSION STATEMENT //

MANAGING WITH BENEVOLENCE AND INTEGRITY, ACHIEVING PERPETUITY THROUGH PERSEVERANCE

// ABOUT US //

YANLORD DEVELOPS HIGH QUALITY PROPERTIES THAT DISTINGUISH THEMSELVES AMIDST THE LOCALITIES THAT THEY ARE IN. PROPERTIES DEVELOPED BY US ARE CHARACTERISED BY OUTSTANDING ARCHITECTURAL DESIGN AND QUALITY CONSTRUCTION. WITH A TRACK RECORD IN DEVELOPMENTS LOCATED AT PRIME LOCATIONS, OUR BRAND NAME, JUST LIKE THE PROPERTIES WE BUILD, IS AN ICON IN ITSELF.


Riverbay Gardens, Suzhou
苏州江湾雅园

Dear Shareholders

It is with great pleasure that I present to you Yanlord Land Group Limited's ("Yanlord" and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2016 ("FY 2016").

FY 2016 was another record year of development for the Group. While global market sentiments remain muted due to a sluggish recovery in economic activity and China's continued economic transformation weighed in on global economic growth, the PRC real estate market nonetheless continued to shine as selling prices and sales volumes in the Tier-1 and -2 cities expanded steadily.

Buoyed by the positive market environment in the Group's core markets coupled with our strategic direction to enhance asset churn and attracting greater market support through the high-quality of our developments, pre-sales of properties and car parks rose 15.1% to a record RMB33.257 billion in FY 2016 from RMB28.887 billion in FY 2015.

CHAIRMAN'S STATEMENT

FY 2016 WAS ANOTHER RECORD YEAR OF DEVELOPMENT FOR THE GROUP. BUOYED BY THE POSITIVE MARKET ENVIRONMENT IN THE GROUP'S CORE MARKETS COUPLED WITH OUR STRATEGIC DIRECTION TO ENHANCE ASSET CHURN AND ATTRACTING GREATER MARKET SUPPORT THROUGH THE HIGH-QUALITY OF OUR DEVELOPMENTS, PRE-SALES OF PROPERTIES AND CAR PARKS ROSE 15.1% TO A RECORD RMB33.257 BILLION IN FY 2016 FROM RMB28.887 BILLION IN FY 2015. IN-LINE WITH THE STRONG PRE-SALES GROWTH, THE GROUP'S REVENUE IN FY 2016 LEAPT 54.8% TO RMB25.664 BILLION.

ZHONG SHENG JIAN
Chairman and CEO

In-line with the strong pre-sales growth, the Group's revenue in FY 2016 leapt 54.8% to RMB25.664 billion, while average selling prices ("ASP") of the Group's pre-sales continued its upward trajectory and extended its consecutive lead with the highest ASP amongst the major listed Chinese developers.

As a cornerstone of the PRC economic model, the sustained development of the real estate market is imperative to the success of China's economic transformation. To ensure that the sector develops at a measured pace, the PRC government reinstated several cooling measures in 4Q 2016 to rein in the rapid expansion of asset prices. While these measures may create some near-term volatilities to market demand, we remain confident about the outlook for the PRC real estate sector and I would like to take this opportunity to share my views on the sector as well as the Group's sustainable growth strategy and future development plans.

POISED TO CAPTURE MARKET OPPORTUNITY

China's market depth and variance within each sub-market makes it difficult to apply a standard product to suit the needs of buyers across the country. To this end, we have actively sought to broaden our product offering through continued research and development. With a comprehensive product portfolio, we applied different approaches to each of our markets and I am happy to report that our developments continue to be well received by our discerning buyers. In addition to receiving a pricing premium to comparable projects within the area, projects such as Yanlord on the Park in Shanghai, Yanlord Yangtze Riverbay Town in Nanjing and Yanlord Marina Centre in Zhuhai are recognized as key landmarks and bellwethers for high-quality residential developments within their respective cities. These projects not only enhance the Yanlord brand equity but will also generate greater revenue stream for the Group.

CHAIRMAN'S STATEMENT

REFLECTING THE INITIAL SUCCESS OF OUR ENDEAVOURS, GROSS PROFIT MARGIN IN FY 2016 ROSE TO 31.2% FROM 27.5% IN FY 2015. SUPPORTED BY THE MARGIN EXPANSION AND HIGHER GFA DELIVERED, PROFIT FOR THE YEAR ROSE 67.8% TO RMB3.977 BILLION. CORE PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY EXCLUDING THE FAIR VALUE GAIN ON INVESTMENT PROPERTIES AND NET FOREIGN EXCHANGE EFFECT SIMILARLY ROSE 109.3% TO RMB2.292 BILLION IN FY 2016 FROM RMB1.095 BILLION IN FY 2015.

Leveraging on our strong foundations, we have sought out new cities to expand our market coverage. Nantong, which is a new city for the Group saw a record setting seven-month timeline from land acquisition to pre-sales and reflects the scalability of our diverse product portfolio and commitment by our dedicated management team to achieve greater asset turn and flexibility for the Group to adapt to different markets.

While we have actively sought out expansion opportunities in FY 2016, we have nonetheless remained mindful of our financial position and overall costs. Leveraging on our stringent cost control measures coupled with easy access to capital markets, we began a series of initiatives in FY 2016 to further enhance profitability. Reflecting the initial success of our endeavours, gross profit margin in FY 2016 rose to 31.2% from 27.5% in FY 2015. Supported by the margin expansion and higher gross floor area ("GFA") delivered, profit for the year rose 67.8% to RMB3.977 billion. Core profit attributable to owners of the Company excluding the fair value gain on investment properties and net foreign exchange effect similarly rose 109.3% to RMB2.292 billion in FY 2016 from RMB1.095 billion in FY 2015.

LAND BANKING THROUGH COLLABORATIONS AND ACQUISITIONS

A developer's ability to grow sustainability lies in the quality of its landbank. In 2016, Chinese cities registered its fourth consecutive year of contraction in new land sales but total transaction values registered another record setting year. What this implies is an increased competition amongst developers for scarce prime quality landbanks.

In-line with our strategy to focus on the high-growth cities of the PRC and a commitment to extending our presence within our existing cities, we actively sought out opportunities to expand our landbank in FY 2016. In addition to acquiring projects through public land tenders at reasonable cost, we have also sought out other developers with existing prime landbanks as acquisition targets. Riverbay Gardens in Suzhou, Yanlord Centre and Yanlord Landmark in Shenzhen as well as Nanjing Daji Land Parcels were projects whereby we acquired a controlling stake in the developments. Also, we selectively sought out three joint development opportunities in Nanjing and Tianjin by acquiring a shareholding stake in the project companies.

As the Chinese real estate market matures, the ability of developers to compete sustainably will extend beyond purely hardware offerings. Leveraging on our brand recognition as a high-quality developer coupled with the pricing premium that our projects enjoy in the PRC, we have attracted numerous notable Chinese state-owned developers such as China Resources Land, Poly Real Estate, China Merchants Property Development and China Ping An Insurance Group as joint development partners. These collaborations not only provide us with additional revenue streams, but also a risk mitigated platform to extend our footprint and gain entry into new cities such as our collaboration into Zhongshan in the Pearl River Delta.

In FY 2016, we acquired approximately 2.58 million square metres ("sqm") of development GFA. With these acquisitions, our total landbank grew from approximately 4.07 million sqm as at 31 December 2015 to 5.93 million sqm as at 31 December 2016.

PROPERTY INVESTMENTS

Developing a stable recurring revenue stream is a strategic initiative undertaken by the Group to grow a core business segment that incorporates hotels, serviced apartments, commercial and office offerings to complement our revenue from property development.

Looking ahead, 2017 is poised to be an exciting year for the Group as we welcome the grand opening of the approximately 42,000 sqm rental GFA office tower of Yanlord Riverside Plaza (Phase 2) in Tianjin and the 408 rooms Crowne Plaza Hotel in Sanya Hai Tang Bay – Land Parcel 9, Hainan. Ideally located, the injection of these new projects and maturity of our product offering, I am confident that contribution from this business segment will grow steadily to complement Yanlord's property development business segment and further strengthen our competitive advantage within the industry.

Projects showed on right (from top)
Yanlord Riverbay, Chengdu 成都仁恒滨河湾
Four Seasons Gardens, Nantong 南通四季花园

CHAIRMAN'S STATEMENT

Nanjing Eco Hi-tech Island 南京生态科技岛

OUTLOOK

As the world's largest real estate market with annual new home sales reaching over RMB11 trillion in FY 2016, the depth of China's market presents many opportunities and challenges to any developer. While 2016 was largely a year of opportunity for the Group, the fourth quarter saw the reintroduction of various cooling measures in select Tier-1 and -2 cities by the PRC central government to manage household borrowings and to ensure the real estate sector grows at a sustainable pace. While these efforts may generate some near-term volatilities, we remain positive on the outlook of the PRC real estate sector underlined by continued traction in China's urbanisation drive coupled with the wealth creation effect of the country's expanding middle class, which undoubtedly will drive demand for high-quality residential developments.

With an illustrious development history, the Company's high-quality developments continue to enjoy significant brand equity in the PRC and stands poised to capture the rising demand for high-quality residential developments.

Prime landbank replenishment at reasonable prices will also determine our ability to compete effectively in the PRC real estate sector. Building on our strategy to focus on key high-growth cities, we continue to play an active role in the primary redevelopment market through our showcase Sino-Singapore Nanjing Eco Hi-tech Island – a flagship economic collaboration program developed under the auspices of the Singapore Jiangsu Cooperation Council, as well as our Sino-Singapore Haimen Yangtze Eco Hi-tech City. We also endeavour to play an active role in enhancing the cityscape of established cities such as our redevelopment projects in the Shenzhen Longgang District and Yanlord Centre in Shenzhen. Through these initiatives, we have established a stable platform to further facilitate our land banking requirements. In addition, we continue to maintain a healthy financial position. With a low net debt to equity gearing ratio of 20.3% and cash and cash equivalent position of RMB17.583 billion as at 31 December 2016, we have the resources to opportunistically acquire prime landbanks in the existing cities we operate in.

Capitalising on our track record and comparative advantages in the development of quality projects, sizable landbank in prime locations within high growth cities in PRC coupled with our healthy financial position, we are well poised to tap on the long-term growth prospects of the PRC real estate sector to generate greater returns for our stakeholders.

IN APPRECIATION

On behalf of the Board of Directors, I would like to express our sincere gratitude to our shareholders for their trust and support. In appreciation of our loyal shareholders, the Board of Directors is pleased to propose a higher (up 186.2%) first and final dividend of 4.35 Singapore cents (equivalent to 20.86 Renminbi cents) per ordinary share for FY 2016 compared to 1.52 Singapore cents for FY 2015.

Looking ahead, we will continue to build on our proven business strategies and endeavour to increase shareholder value through better operational and financial performance.

ZHONG SHENG JIAN
Chairman and CEO

主席致辞

尊敬的各位股东：

2016年全球经济发展乏力，中国经济正经历转型，但总体平稳，地产开发继续发挥转型期内“价值之锚”的作用。得益于2016年前三季度中国大陆一、二线城市市场延续向上走势，仁恒团队以高效开发、专业服务，为消费者提供一流产品，在2015年创下销售业绩新高的基础上，2016年再度刷新纪录，合同销售金额达到人民币332.57亿元，相比2015年之人民币288.87亿元，增长15.1%；集团2016年营业收入为人民币256.64亿元，同比增幅达54.8%。仁恒的销售均价继续在上市房企中位居前列。

在2015年创下销售业绩新高的基础上，仁恒集团于2016年再度刷新纪录，合同销售金额达到人民币332.57亿元，相比2015年之人民币288.87亿元，增长15.1%；集团2016年营业收入为人民币256.64亿元，同比增幅达54.8%。仁恒的销售均价继续在上市房企中位居前列。

进入第四季度，资产价格的快速上涨令中国中央政府重启调控，一些热点城市再度出台“限购”、“限贷”措施，似乎又印证了中国大陆地产市场的周期规律。尽管市场在短期内可能出现不稳定因素，但我们仍对长远发展保持乐观。本人在此向各位股东提报集团2016年诸项业绩同时，也将把仁恒的策略思考与各位做一分享。

团队实力提升，更善于把握市场机遇

中国地产市场城市差异明显，建筑规范与市场偏好不尽相同，经过连续不断的整合梳理，仁恒业务已形成丰富的产品线，能够根据不同城市和区位地块，合理设计，高效开发。在成熟地块，仁恒团队注重产品创新，在满足城市高端消费人群改善需求同时，扩大产品溢价收入，其中上海仁恒世纪公寓、南京仁恒江湾城、珠海仁恒滨海中心等项目均是所在城市的标志性住宅产品，此类项目除将为集团带来丰厚销售收入，还进一步提升仁恒的市场影响力。而在新城市、新区域，仁恒则以标准化设计为基础，高效组织开发。仁恒南通公司虽是新建团队，其从拿地到销售仅用7个月，此等高效开发，完全是标准化程度提高的结果。仁恒开发体系的完善保证了我们能在灵活应对市场变化，在最大程度上实现经营目标。

而在支出方面，仁恒通过优化融资渠道，扩大开发，提升销售的同时，有效控制了开发成本，因此2016年，集团获利显著增长，毛利率在2015年27.5%的基础上，继续上涨，达到31.2%。全年净利润人民币39.77亿元，同比增长近67.8%。撇除投资性房地产公允值变动盈利及汇兑净影响，集团2016年股东应占核心净利润相比2015年之人民币10.95亿元，取得突破性增长，上扬109.3%达人民币22.92亿元。

多元化合作，增加土地储备

土地关乎地产企业的可持续发展。去年，中国城市的土地交易面积已是连续第四年下降，但成交金额却创下历史记录，土地市场的竞争激烈由此可见。仁恒继续坚持既定的城市发展战略：深耕现有城市，伺机进入有市场潜力的高增长城市。

主席致辞

2016年，我们在合适时机通过公开竞买获取了成交溢价相对合理的地块。同时，由于中国城市中存量土地资源整合加快，存量土地持有者倾向引入产品溢价能力强的品牌开发企业进行股权合作，仁恒先后收购了深圳仁恒中心及仁恒置地广场项目和南京大吉别墅项目的多数股权、同时我也以股权合作方式参与开发三个位于南京及天津的项目。2016年，集团新增储备了约258万平方米的开发面积。与去年同期相比，仁恒的土地储备从2015年407万平方米增加至2016年的593万平方米。

2016年仁恒的扩张具有多重意义，在城市布局上，我们进入了珠江三角洲的兴新城市——中山；同时我们还增加了华润置地、保利地产、招商地产以及中国平安保险集团等战略合作伙伴。

物业投资

在仁恒目前的商业模式中，酒店及酒店式公寓、购物商场、写字楼、社区商业街是为集团带来稳定租金收益的物业组合，除补充集团物业销售收入外，此类物业投资还是仁恒丰富投资渠道、提升集团品牌、提高业主与客户满意度的重要载体。

2017年，集团位于天津仁恒海河广场二期的写字楼将投入使用，租赁面积约4.2万平方米；位于三亚海棠湾-9号地块的皇冠假日酒店将盛大开业，集团将增加酒店客房408间。这两处优质资产将增加集团的租赁收入。

仁恒一贯以稳健的方式发展物业投资，逐步增持酒店、写字楼、购物商场、社区商铺等长期收益资产，这一策略不会因为短期收益波动而改变。

未来展望

2016年第四季度，中国多个城市再度以“限购”、“限贷”等手段为持续高涨的住宅价格、特别是土地价格降温，凸显了中国政府忧虑家庭加杠杆购房、地产企业加杠杆购地可能引发金融系统风险。因此从长远来看，此轮调控将有利于地产市场的长期稳定。

反观仁恒，集团一直保持稳健的财务状况，截至2016年年底，集团净负债率为20.3%，现金储备人民币175.83亿元，如有合适机会，仁恒将继续增持核心城市的开发用地。而在客户端，仁恒业主以高净值人士为主，这一群体是中国城市化过程中崛起的中产阶层代表，他们遵循价值投资，购房首付比例偏高。 稳健审慎的财务策略与忠诚度高的优质客户群是仁恒一直以来的核心竞争力。

如今，中国的房地产市场已是全球第一，2016年房屋销售已超人民币11万亿元。如此庞大的市场，本身就带有不断更新、不断改良的发展惯性，仁恒所参与的深圳龙岗区-城中村改造项目及仁恒中心旧改便是城市更新项目的代表，而类似中新南京生态科技岛、中新海门长江生态科技城等规划新区更是符合中国城市化发展规律的新城建设项目。仁恒已经全方位地参与中国的城市化建设，我们所走的是品质为先、适度扩张的可持续发展道路。本人一直认为，唯有品质领先，才是稳固优质客户资源，扩大市场影响力的根本；也只有保持在市场优质客户群体以及其他利益相关者之中的信誉，才能在多变的市场环境下继续发展，为公司股东创造更大的价值。

致谢

本人及仁恒管理团队感谢股东的关心和支持，为回馈股东，集团董事局建议每股派发新元4.35分(等值人民币20.86分)首次及末期股息，较2015年所派发的新元1.52分，增幅达186.2%。未来我们将更加勤勉地工作，以更好的业绩回报股东。

钟 声 坚
集团董事局主席兼总裁


Yanlord Yangtze Riverbay Town, Nanjing
南京仁恒江湾城

KEY FIGURES

+15.1%
INCREASE IN PRE-SALES

+54.8%
REVENUE IN FY 2016

RMB 8,020m
GROSS PROFIT IN FY 2016

20.3%
NET DEBT TO EQUITY GEARING RATIO

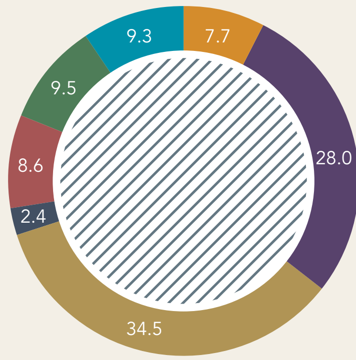
109.3%
GROWTH IN FY 2016 CORE PROFIT

4.35¢
DECLARED DIVIDEND

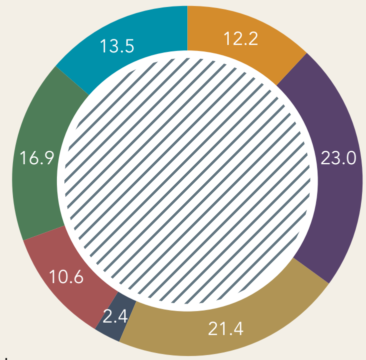
944,834 SQM GFA
DELIVERED IN FY 2016

OPERATIONAL HIGHLIGHTS

PROPERTY SALES CONTRIBUTION BY CITY IN FY 2016 (%)

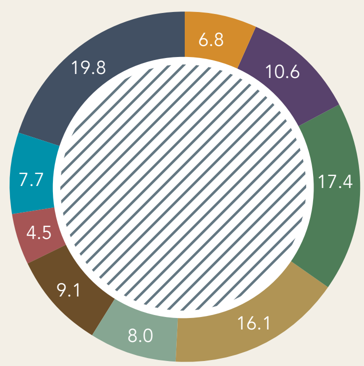


GFA CONTRIBUTION BY CITY IN FY 2016 (%)

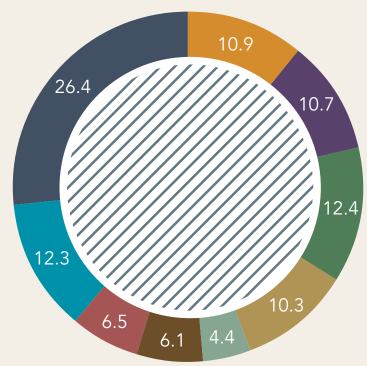


- Chengdu
- Nanjing
- Shanghai
- Shenzhen
- Suzhou
- Tianjin
- Zhuhai

PROPERTY SALES CONTRIBUTION BY PROJECT IN FY 2016 (%)

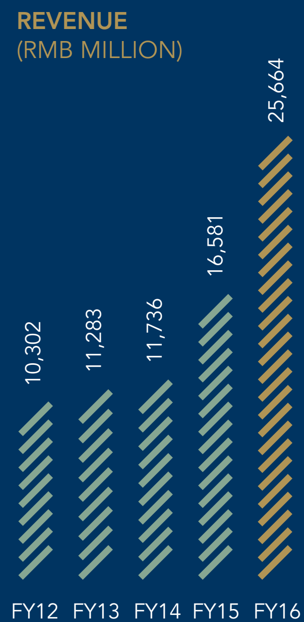


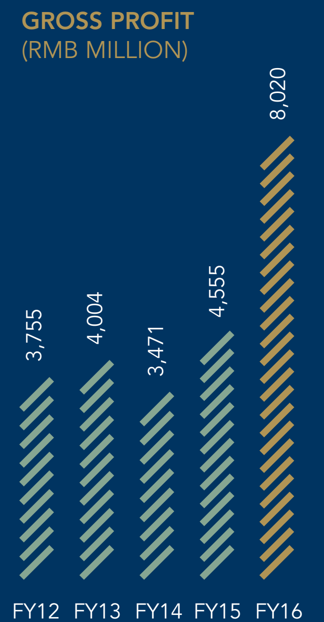
GFA CONTRIBUTION BY PROJECT IN FY 2016 (%)

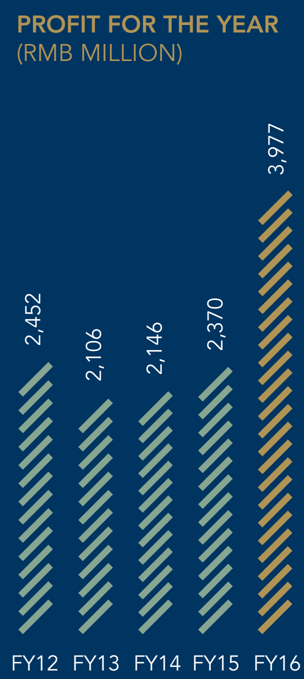


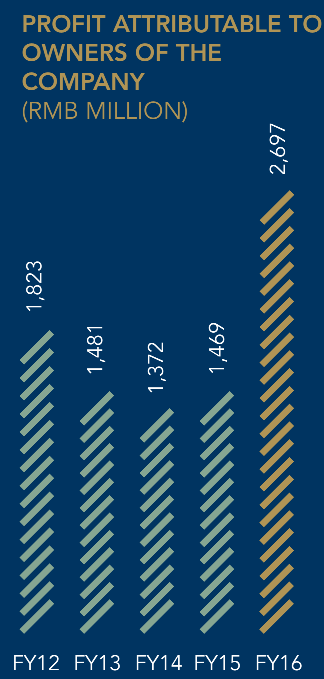
- Chengdu Yanlord Riverbay (Phase 2)
- Nanjing Oasis New Island Gardens (Phase 1)
- Nanjing Yanlord Yangtze Riverbay Town
- Shanghai Yanlord Eastern Gardens
- Shanghai Yanlord Sunland Gardens
- Shanghai Yanlord Western Gardens
- Suzhou Tang Yue Bay Gardens
- Zhuhai Yanlord Marina Peninsula Gardens (Phase 1)
- Others

FINANCIAL HIGHLIGHTS









CREDIT RATIOS (%)

As at 31 December	2012	2013	2014	2015	2016
Net Debt / Equity (1)	38	38	46	3	20
Total Debt / Equity (1)	51	64	68	60	79
Total Debt / Capitalisation (2)	34	39	41	38	44

(1) Equity = Equity attributable to owners of the Company + Non-controlling interests
(2) Capitalisation = Total debt + Equity attributable to owners of the Company + Non-controlling interests

PROJECT SHOWCASE

Shanghai

YANLORD EASTERN GARDENS
仁恒东邑雅苑

Located within the Tangzhen district of Pudong which has been earmarked for the development of Shanghai's fifth large-scale international residential district. With a planned GFA of approximately 181,000 sqm, the project will offer unparalleled waterfront views coupled with a 25,000 sqm central feature garden and recreational facilities. To better cater to the different lifestyle needs of our customers, the project will offer a comprehensive mix of unit types ranging from 90 to 238 sqm. Following the success of the initial launch of apartment units in FY 2014, the Group secured RMB3.342 billion of pre-sales from Yanlord Eastern Gardens in FY 2016.

Shanghai

YANLORD WESTERN GARDENS
仁恒西郊雅苑

Located in Shanghai's traditional upscale residential area of Xujing, the site resides in an area with one of the highest concentration of international schools in Shanghai and is in close proximity to the Hongqiao Transportation Hub. With key infrastructures such as Hongqiao Airport in operation and the new metro lines to be progressively completed, the site will benefit from the excellent connectivity to become a leading international community in the area. With a site area of approximately 137,000 sqm, the 248,000 sqm GFA development will have a building density of 30% and approximately 40% greenery coverage.

Shanghai

YANLORD ON THE PARK
仁恒世纪公寓

(top photo)

Ideally situated in close proximity to the Lujiazui Financial District within the key residential area of the Shanghai Century Park International Community District, Yanlord on the Park has a GFA of approximately 148,000 sqm and is bordered by the city's arterial thoroughfares such as Jin Kang Road, Pujian Road and the Yanggao South Road. Encapsulating the best of city centre living with a comprehensive suite of amenities such as the lush natural surroundings of the million square metre Century Park, the Shanghai Oriental Arts Centre and the Shanghai Science and Technology Museum. The project will capitalise on the continued eastward expansion of the Lujiazui Financial District and offers our discerning residents with homes that will meet both the requirements of their busy business schedules as well as their recreational needs. On 8 November 2015, the Group launched the inaugural batch of apartments at Yanlord On the Park. Building on the strong momentum following its inaugural launch in FY 2015, the Group secured RMB4.453 billion of pre-sales from Yanlord on the Park in FY 2016.

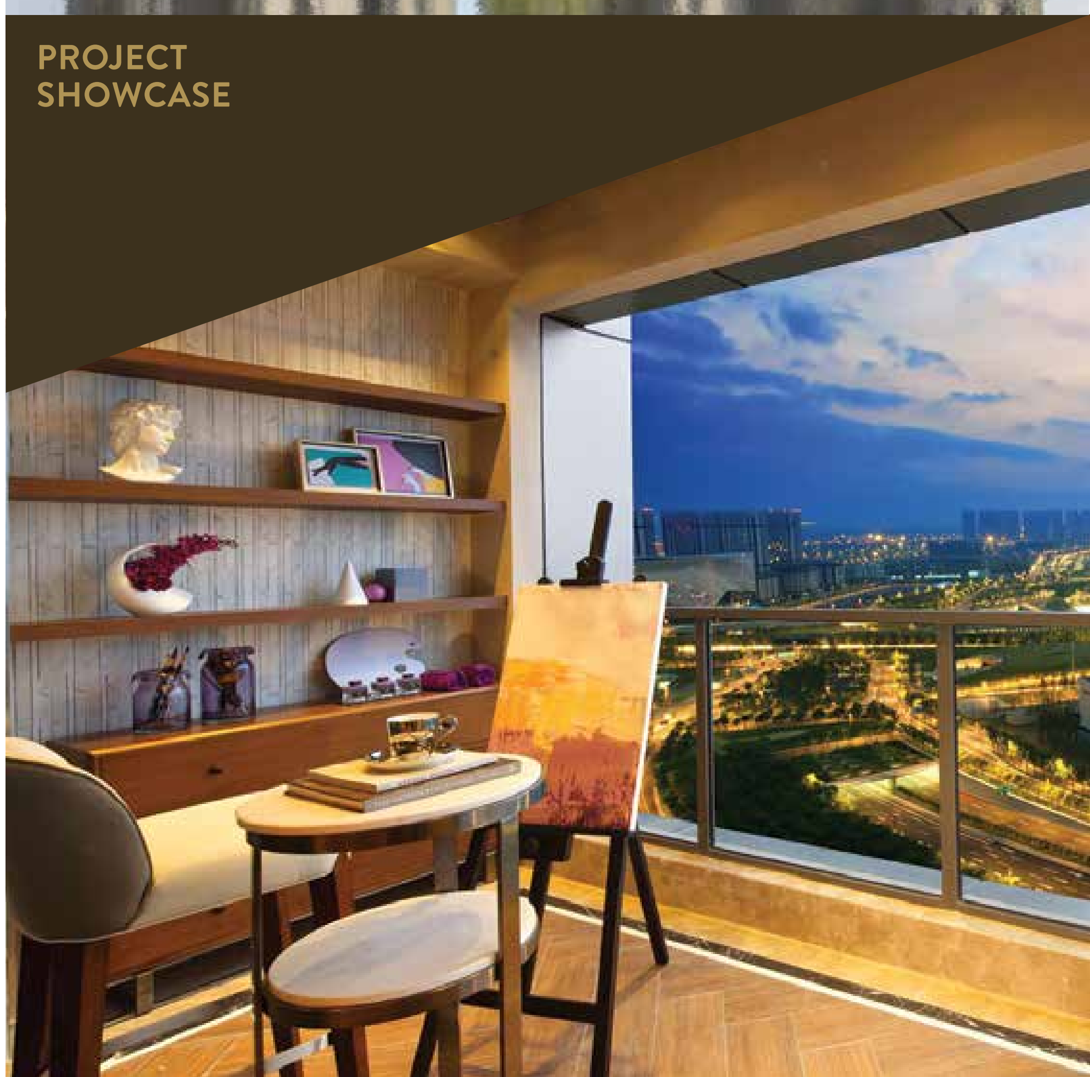
PROJECT SHOWCASE

Zhuhai

YANLORD MARINA CENTRE
仁恒滨海中心

(bottom photo)

Yanlord Marina Centre, located along Qinglu Road (South) near the sea coast, is to be developed into a landmark of Zhuhai City. Lying adjacent to Gongbei Customs Checkpoint to Macau, the project will enjoy easy access to the entrance of the planned Hong Kong-Zhuhai-Macau Bridge as well as the transport interchange of the light rail connecting Zhuhai and Guangzhou. Yanlord Marina Centre, upon completion, will be a showcase development of Zhuhai City. The total GFA of Yanlord Marina Centre will be approximately 222,000 sqm. Construction commenced in 2009. The project comprises a 5-star hotel, high-grade residences, offices and retail shops. The Group signed a management contract with the InterContinental Group to manage the hotel in 2010. The sea-view hotel, residential apartments, offices and the shopping arcades are slated to be key highlights of Zhuhai's future skyline.



Nanjing

OASIS NEW ISLAND GARDENS
绿洲新岛花园

(top photos)

Ideally situated within the Sino-Singapore Nanjing Eco Hi-tech Island – a flagship economic collaboration program developed under the auspices of the Singapore Jiangsu Cooperation Council – Oasis New Island Gardens rests along the island's idyllic riverfront offering an unobstructed view of the Yangtze River and is in close proximity to the New One North Science Park. Well connected via planned key thoroughfares running through the island as well as the adjacent metro station of the No. 10 metro line, the approximately 390,000 sqm GFA mixed use development will not only feature prime residential offerings but also provide a comprehensive suite of serviced apartments, offices and retail amenities to meet the needs of its residents.

Nanjing

YANLORD YANGTZE RIVERBAY TOWN 仁恒江湾城

(bottom photo)

Located along the Yangtze River in Hexi New Area, Nanjing, Yanlord Yangtze Riverbay Town occupies a land area of approximately 303,000 sqm, which will be developed into a total GFA of approximately 717,000 sqm. The project is divided into five phases of which the first to third phases and the first batch of fourth phase have been delivered. In November 2016, the Group launched the final batch of apartments at Yanlord Yangtze Riverbay Town (Phase 4). Opening to stellar support from home buyers, Yanlord sold all of the 214 apartment units launched on the opening day, garnering approximately RMB2.132 billion of pre-sales.

PROJECT SHOWCASE

Shenzhen

YANLORD ROSEMITE
仁恒峦山美地花园

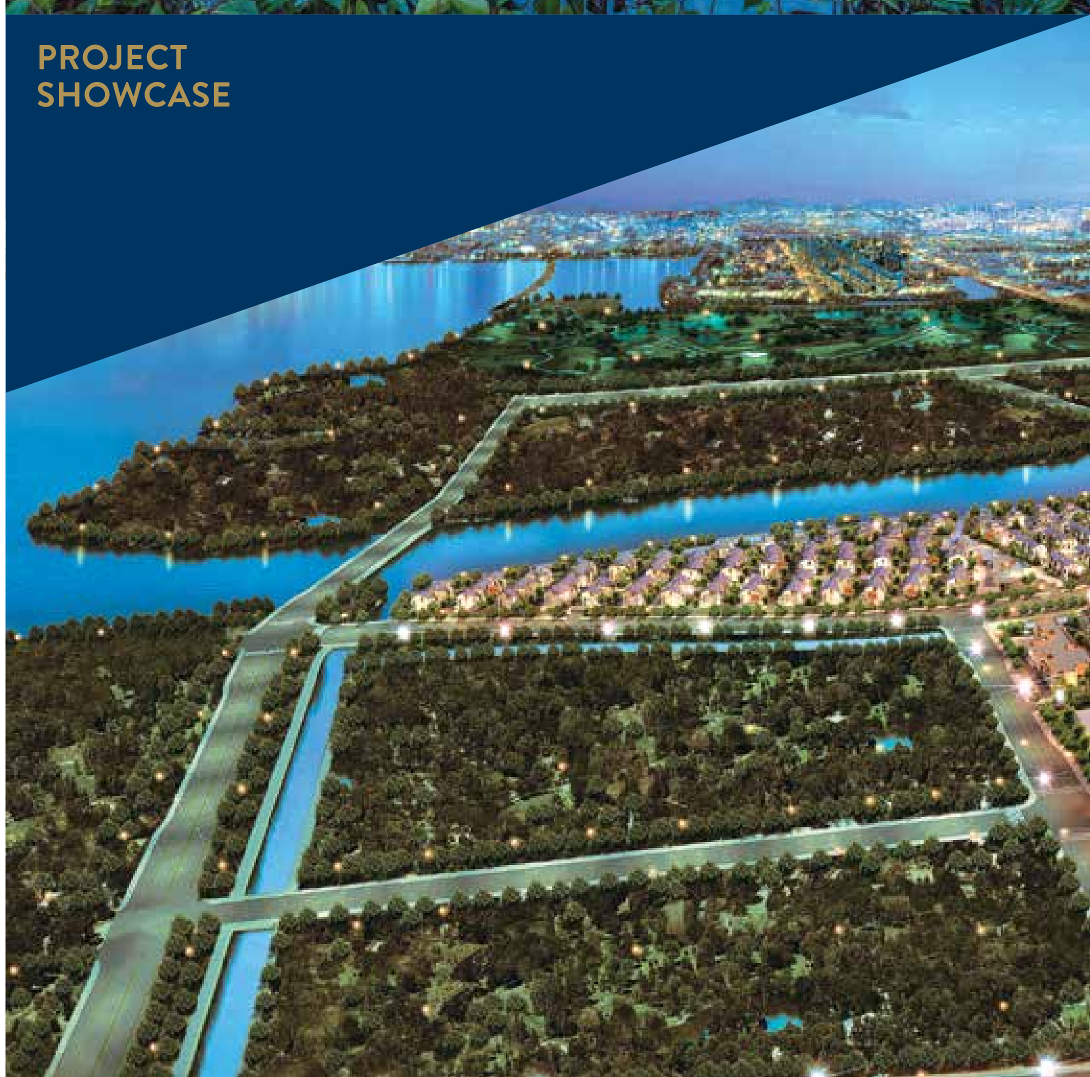
Yanlord Rosemite is the Group's maiden venture into the vibrant city of Shenzhen. Ideally situated along the crossing of the Baohe Road and Danhe Road in the Longgang District of Shenzhen, the project enjoys seamless connectivity to Shenzhen's bustling city centre via the city's major thoroughfares. Surrounded by a comprehensive suite of amenities coupled with lush natural surroundings such as the 50 square kilometre Maluan Hill Country Park and key recreational facilities including the Genzon golf club. The project benefits from the Shenzhen Government's initiative to develop the Longgang district into a secondary city centre and prime residential district.

Chengdu

YANLORD LANDMARK
仁恒置地广场

Yanlord Landmark is a key property investment project of Yanlord in Western China. Located at the heart of Chengdu's Central Business District along major arterial roads, the project neighbours top-grade office buildings, 5-star hotels and luxury department stores. It is ideally situated with the Metro line No. 1 and other business resources in close vicinity. Yanlord Landmark has a GFA of approximately 166,000 sqm above ground and incorporates office areas, serviced apartments and a high-end shopping mall offering retail, conference, residence, and other business and recreation facilities. It is positioned to be a top-end property that represents the highest technical and service standards and caters to the needs of MNCs which plan to locate their regional headquarters in Chengdu. Yanlord Landmark is designed by world renowned architectural consultants ensuring that the project excels in all aspects ranging from engineering and landscaping to business operation. Commencing its operations in 2010, Yanlord Landmark continues to contribute to Chengdu's integration into the global business arena and has successfully attracted numerous international MNCs such as Mitsubishi, Novatris and Royal Dutch Shell. Managed by Fraser Hospitality from Singapore, the serviced apartment tower in Yanlord Landmark began its operations in December 2010 and offers premier levels of luxury and comfort that target the demands of high-end business travelers. Yanlord Landmark is also the epitome of the retail market of Chengdu, showcasing the latest fashion from the flagship stores of many international luxury brands including Louis Vuitton, Prada, Ermenegildo Zegna and Miu Miu.

PROJECT SHOWCASE



Suzhou

RIVERBAY GARDENS
江湾雅园

(top photos)

Ideally situated within Suzhou's city's administrative district, the Gusu district, the approximately 298,000 sqm Riverbay Gardens enjoys excellent connectivity via key thoroughfares and is adjacent to stations of the city's metro line route 2 and route 5 which is currently under construction. Future residents of the project will also benefit from the comprehensive and mature suite of lifestyle amenities such as shopping malls, hospitals, libraries and schools available to cater to their lifestyle needs. Acquired in 2016, Yanlord successfully launched the inaugural batch of apartment units at Riverbay Gardens to strong customer support. Over 94% or 248 of the 265 units launched were sold on the opening day in September 2016 garnering pre-sales of approximately RMB1.264 billion.

Suzhou

YANLORD LAKEVIEW BAY
仁恒双湖湾

(bottom photo)

Located within the Suzhou Industrial Park, Yanlord Lakeview Bay is located between the scenic Jinji Lake and Dushu Lake. With enchanting natural surroundings and picturesque water features, the approximately 389,000 sqm GFA Yanlord Lakeview Bay is the first residential project in Suzhou designed in accordance with the 3A standards of the national Housing and Urban & Rural Development Ministry and will be developed into a prime international community that comprises townhouses, fully-fitted apartments and commercial facilities to meet the needs of its residents.

PROJECT SHOWCASE

Tianjin

YANLORD RIVERSIDE GARDENS
仁恒河滨花园

(top photo)

Located within the downtown Hebei District of Tianjin, Yanlord Riverside Gardens is situated at the confluence of the Xinkai and Ziya Rivers and features an unobstructed river view. With a planned GFA of approximately 326,000 sqm, Yanlord Riverside Gardens benefits from a comprehensive suite of recreational and educational amenities surrounding the development. Amalgamating modern living with the lush natural environment, Yanlord Riverside Gardens' environmentally conscious architectural designs have won the approval of the PRC Ministry for Housing and Urban-Rural Development and was awarded the Green Development (Grade III) for its design.

Tianjin

TIANJIN HONG QIAO LAND
红咸雅苑

(bottom photo)

Ideally situated within Tianjin's education district, Tianjin Hong Qiao land is mixed use site that will include high-end residential and commercial units as well as educational facilities. In addition to excellent connectivity via key thoroughfares and the city's metro line route 1, the site also enjoys a comprehensive suite of lifestyle amenities as well as being in close proximity to one of the Tianjin's focal secondary school (天津市重点中学 – 天津三中) to meet the lifestyle needs of residents.

OPERATIONS REVIEW

UNDER THE VARYING MARKET ENVIRONMENT, WE ARE PLEASED TO REPORT THAT YANLORD CONTINUED TO DELIVER A STEADFAST PERFORMANCE SPURRED ON BY STRONG BUYER DEMAND FOR ITS HIGH-QUALITY DEVELOPMENTS.

FY 2016 was an exciting year for the PRC real estate market. Despite volatility arising from changes in regulatory policies, physical market performance within Tier-1 markets remained strong. Tier-2 markets in the PRC also witnessed a growing divergence in performance with higher growth cities like the ones that Yanlord operates in showing the strongest rises in ASP and sales volumes, while other Tier-2 as well as Tier-3 and -4 cities actively sought to spur demand and reduce inventory levels.

Under the varying market environment, we are pleased to report that Yanlord continued to deliver a steadfast performance spurred on by strong buyer demand for its high-quality developments. Recognised revenue in FY 2016 registered a stellar 54.8% increase to RMB25.664 billion supported by a 60.1% increase in GFA delivered to 944,834 sqm. Extending the strong sales momentum achieved, pre-sales of the Group in FY 2016 similarly rose 15.1% to RMB33.257 billion from RMB28.887 billion in FY 2015, while accumulated pre-sales pending recognition as at 31 December 2016 stood at RMB26.488 billion.

Dedicated to delivering high-quality developments as well as impeccable after sales and property management services, the Yanlord brand continues to gain traction as the epitome for development quality in China. Reflecting this brand premium, we continue to see a steady increase in pre-sales ASP in FY 2016 to RMB30,920/sqm from RMB28,672/sqm in FY 2015; which is also the highest amongst the top 30 listed developers in the PRC. In addition to a steady increase in pricing, we have also continued to expand our margins in FY 2016. Gross profit margin in FY 2016 rose to 31.2% from 27.5% in FY 2015.

Driven by the greater GFA delivered and higher margins of delivered units during the year, gross profit in FY 2016 grew 76.1% to RMB8.020 billion. In-line with the above performance, profit for the year rose 67.8% to RMB3.977 billion, while profit attributable to owners of the Company similarly rose 83.7% to RMB2.697 billion in FY 2016 from RMB1.469 billion in FY 2015.

+54.8%
RMB25.664 BILLION
REVENUE
IN FY 2016

+60.1%
944,834 SQM
GFA DELIVERED
IN FY 2016

Excluding the fair value gain on investment properties and net foreign exchange effect, profit attributable to owners of the Company for FY 2016 leapt 109.3% to RMB2.292 billion from RMB1.095 billion in FY 2015. Fully diluted earnings per share in FY 2016 rose 83.9% to 138.56 Renminbi cents.

Looking ahead, we remain confident about the financial performance of the Group in FY 2017 driven by continued sales of our developments and larger proportion of pre-sales recognition.

PROJECT DEVELOPMENT

Pace of development was steady as at 31 December 2016 with 26 projects and total GFA under construction increased to 3.22 million sqm as at 31 December 2016 from 2.42 million sqm as at 31 December 2015.

In FY 2016, the Group initiated construction works across 5 projects namely, Four Seasons Gardens (Phase 1 and 2) in Nantong, Riverbay Gardens in Suzhou, Tianjin Hong Qiao Land (Phase 1) in Tianjin and Yanlord Marina Peninsula Gardens (Phase 3) in Zhuhai.

A total of 8 new projects were launched in FY 2016, adding significantly to residential resources available for sale. Located in prime areas of their respective cities, the launches of these projects namely, Four Seasons Gardens (Phase 1 and 2) in Nantong, Sanya Hai Tang Bay - Land Parcel 9, Riverbay Gardens in Suzhou, Tianjin Hong Qiao Land (Phase 1), Tianjin Jinnan Land (Phase 3) as well as Yanlord Marina Peninsula Gardens (Phase 1 - Section B and Phase 2) in Zhuhai, were new additions to the Group for pre-sales in FY 2016.

Riverbay Gardens, Suzhou
苏州江湾雅园

OPERATIONS REVIEW

31.2%
GROSS PROFIT
MARGIN IN FY 2016

+76.1%
RMB8.020 BILLION
GROSS PROFIT
IN FY 2016

In FY 2016, 10 projects were completed with total GFA of 0.99 million sqm namely, Yanlord Riverbay (Phase 2) in Chengdu, Oasis New Island Gardens (Phase 1) and Yanlord Yangtze Riverbay Town (Phase 4) in Nanjing, Yanlord Eastern Gardens in Shanghai, Tang Yue Bay Gardens and Yanlord Lakeview Bay - Land Parcel A3 in Suzhou, Tianjin Jinnan Land (Phase 1 and 2), Yanlord Riverside Plaza (Phase 2) in Tianjin and Yanlord Marina Peninsula Gardens (Phase 1) in Zhuhai.

Adhering to our corporate philosophy "to develop the land with devotion and building quality accommodations with passion", we continue to strive for excellence in our developments which have won the recognition of both our clients and industry peers. To better enhance and rationalize existing work flows, we engaged various third party quality surveyors and inspectors, and are pleased to report that we have achieved a successful one-time delivery rate of 99.9% in FY 2016.

Testament to our efforts, we were awarded 1 new national level and 8 new provincial level awards for product and engineering excellence namely, the National level "Luban Award for Engineering Excellence" was awarded to Yanlord Riverbay (Phase 1) in Chengdu, Provincial level awards for "Structural and Engineering Excellence" were awarded to Yanlord Riverbay (Phase 2) in Chengdu, Oasis New Island Gardens (Phase 1) in Nanjing, Sanya Hai Tang Bay - Land Parcel 9, Yanlord Eastern Gardens and Yanlord on the Park in Shanghai, Tang Yue Bay Gardens in Suzhou and Yanlord Marina Peninsula Gardens (Phase 1) in Zhuhai. In addition, Yanlord Yangtze Riverbay Town (Phase 3) in Nanjing also received the accolade and award for "Demonstrative Development for New Construction Technologies" by the Jiangsu provincial government.

Yanlord Riverbay, Chengdu
成都仁恒滨河湾

Oasis New Island Gardens, Nanjing
南京绿洲新岛花园

LANDBANK

The PRC land market saw exceptionally heated competition amongst developers in FY 2016. To better mitigate against rising land prices, we actively sought out alternative opportunities such as collaborations with other reputable developers and acquisition of project companies to better compliment the replenishment our prime quality landbank. In FY 2016, we acquired 12 new projects across our key cities of Nanjing, Shenzhen, Suzhou and Tianjin. Total GFA of these 12 projects was approximately 2.58 million sqm.

Through the public land tender market, we successfully acquired four projects with a combined GFA of approximately 909,922 sqm at reasonable costs, namely Nanjing No. 2016G84 Land, Suzhou No. 2016-WG-46 Land Parcels, Suzhou No. 2016-WG-63 Land and Yanlord Majestive Mansion in Tianjin for a total consideration paid in FY 2016 of approximately RMB8.833 billion.

In addition, we have also sought out other developers with existing prime landbanks as acquisition targets. Riverbay Gardens in Suzhou, Yanlord Centre and Yanlord Landmark in Shenzhen as well as Nanjing Daji Land Parcels were projects whereby we acquired a controlling stake in the development. Also, we entered into collaborative agreements to jointly develop Nanjing No. 2016G01 Land, Tianjin Hong Qiao Land (Phase 1 and 2) and Tianjin No. 2013-090 Land Parcels through the acquisition of a shareholding stake in the project company. Total development GFA of these developments is approximately 1.67 million sqm.

FY 2016 saw significant commitment by the Group in land replenishment efforts. Total landbank as at 31 December 2016 was approximately 5.93 million sqm. Diversified across the prime areas within the core high-growth cities of China, we are confident that these holdings will form the bedrock to launch our future development and performance.

+67.8%
RMB3.977 BILLION
PROFIT FOR THE YEAR

+83.7%
RMB2.697 BILLION
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

5.93 MILLION SQM

TOTAL LANDBANK AS AT 31 DECEMBER 2016

PROPERTY INVESTMENTS

Conceptualized to be a recurring revenue source, our property investments portfolio has expanded over the years into a key business segment for the Group. Revenue contribution from our property investments portfolio in FY 2016 was marginally weaker at RMB363 million owing to softer sentiments in the PRC retail and hospitality segments.

During the year, the Group actively sought to streamline leasing processes and strengthen cost controls as well as resource sharing initiatives to better enhance the management and development of the Group's property investments portfolio. Community business centres, a recent addition to our property investments portfolio, continued to see strong market demand. In FY 2016, we mainly added two new community business centres namely Yanlord Sunland Gardens in Shanghai and Yanlord Rosemite in Shenzhen which completed their preliminary leasing and will begin their operations in 2017.

We also delivered the first batch of office space to tenants at the office tower of Yanlord Riverside Plaza (Phase 2) in Tianjin for renovation works in December 2016. As at 31 December 2016, we have approximately 430,000 sqm (not including car parks) of property investments under management.

In FY 2016, we acquired a new project with commercial components, namely Suzhou No. 2016-WG-46 Land Parcels in Suzhou. Ideally situated and well connected through arterial roads and metro networks, this site is expected to contribute significantly to the development of our property investments portfolio in the future. As at 31 December 2016, we had approximately 210,000 sqm (not including car parks) of leasable area currently in various stages of construction.

Looking ahead, we will seek to further develop the performance of our property investments through initiatives such as those targeted at enhancing the consumer experience as well as to opportunistically grow our investment portfolio.

PROPERTY MANAGEMENT

Enhancing our products and services offering were strategic themes for our property management business segment in FY 2016 following the reorganisation of the Group's various property management entities to be under unified control and ownership across eleven cities. As a forerunner in the introduction of international property management concepts to the PRC market, Yanlord has always held a competitive edge in the field. Building on our extensive experience, Yanlord actively sought to enhance our service offerings by streamlining existing processes and encouraging the sharing of best practices between business units across the country to further cement our competitive advantage within the industry.

An integral part of the "Yanlord" experience, our property management services continue to garner strong support and recognition from both customers and our industry peers. With about 4,750 staff and 48 projects under management, our property management business continues to grow from strength to strength. Revenue from property management in FY 2016 was RMB390 million.

Reflecting the achievements of our property management business, various local business units were respectively recognised by different authorities. Notable accolades added in FY 2016 include the following:

- 2016 China's Top 20 Brands for Property Management
- Shanghai City Property Management Industry – AAA Grade Company
- Shanghai "Property Management Excellence" Award
- Shanghai Renowned Enterprise Brand Award

Yanlord Rosemite, Shenzhen
深圳仁恒峦山美地花园

Yanlord on the Park, Shanghai
上海仁恒世纪公寓

- Shanghai Property Management Association - Exemplary Member unit
- Jiangsu Province Top 50 Property Management Company Award
- Yanlord Landmark in Chengdu was awarded the Grade A+ office and commercial development by the Chengdu city government

Looking ahead, our property management business will continue to be a key business segment for the Group. Driven by the commitment to provide a comfortable and endearing living environment for our customers, the Group will seek to continually optimise our property management model through the adoption of the latest technology and quality assurance standards.

HUMAN RESOURCE

We regard our human resource as one of our most valuable intangible assets and a key contributor to the Group's continued success. In-line with our mission statement of "Managing with benevolence and integrity, achieving perpetuity through perseverance", we believe in treating our employees with trust and understanding and respecting them as a partner of the organisation. We aim to create a positive working environment and platform for employees to demonstrate their own individual capabilities, offering opportunities for them to develop their potential and to progress further in their career development, thereby creating a win-win situation for both the Group and our employees.

Yanlord Lakeview Bay – Land Parcel A2, Suzhou
苏州仁恒双湖湾，A2 地块

To better support the continued development of the Group, we actively engage educational institutes in search of suitable talent who are identified through a systematic approach and are further groomed to take on managerial roles within our growing organisation. In 2016 we continued to actively enhance competencies and synergies within our existing talent pool as well as strategically introducing external talents to further complement our knowledge base. Looking ahead, we will continue to review and refine processes to enhance performance assessments and to encourage closer collaboration within the Group to cement a stronger foundation on which we can propel the Group to its next level of development.

PRODUCT DEVELOPMENT

As a leading real-estate developer specialising in the high quality real estate development and property management services, Yanlord attaches great importance towards developing quality residential and commercial real estates and seeks to strike an optimal balance across all aspects of property development, including project planning, architectural design, interior design and landscape design, to ensure that every aspect is amalgamated to maximise the benefit and comfort level for the customers. Balancing form and functionality, we strive continually to develop projects that embody our commitments towards quality and set new benchmarks for the PRC real estate sector.

Recognising the need for balance between the requirements of our consumers and environmental preservation, the Group continues to introduce environmental initiatives and seeks to optimise the usage of lands at our developments. While we may continue to expand our product offerings to include not only residential but commercial, hospitality and tourism projects, our commitment to quality and the environment remains unchanged. Collaborating closely with our hotel management partner, the InterContinental Hotels Group, we optimised the designs and layouts of the InterContinental Hotel at Yanlord Marina Centre in Zhuhai as well as the Crowne Plaza Hotel at Sanya Hai Tang Bay – Land Parcel 9. We also sought to incorporate Singapore design concepts on “Green Space” into our mixed development Yanlord Centre in Shenzhen to further reduce our carbon footprint. We also seek to be a driver of change. Our latest integrated project in Suzhou is located on a site that traces its history back to antiquity; keeping with the internet of things, we sought to seamlessly amalgamate the historical appeal of the site with the accessibility of the internet. Building

Yanlord International Apartments, Nanjing
南京仁恒国际公寓

on our initiatives, we hope to create greater value for our customers and further enhance our position as a developer of quality in the PRC real estate market.

INVESTOR RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Corporate transparency and timely disclosure of information to shareholders is of key importance to Yanlord. We endeavor to maintain the highest standards of corporate governance and proactively seek to engage the investment community to facilitate the understanding of our Group's business strategies and growth potentials. Quarterly financial reports as well as announcements and press releases pertaining to any material operational updates on the Group are also promptly released on the SGX website, ensuring that investors receive timely and accurate information.

To further enhance communication with the investment community, the Group participated in 25 global investor conferences across Singapore, Hong Kong, London, New York and Macau in FY 2016, sharing insights and investment merits in Yanlord with over 1,000 investors and fund managers. In 2016 and early 2017, Yanlord also participated in a series of corporate day initiatives under the auspices of the SGX. Held in Singapore, Hong Kong, Thailand and Malaysia, these conferences were initiatives by the SGX to enhance visibility of locally listed companies and to enhance communication with regional investors.

Moving forward, the Group will continue to maintain regular interactions with the investment community and endeavor to deliver high standards in investor relations.

In addition to achieving high standards of investor relations, good corporate citizenry is another key focus of the company. Building on our commitment to delivering quality homes to our discerning customers, we continue to focus on environmental conservation through developing eco-friendly developments. Our corporate social responsibilities also extend to student and youth engagement programs such as grants and donations to educational institutes as well as enrichment programs for students. Building on our earlier initiatives to enhance understanding of the Chinese business environment amongst Singapore students, the Group had in FY 2016 welcomed an additional 4 batches comprising over 200 students and staff from Ngee Ann Polytechnic to our residential and commercial developments in Chengdu.

业绩概要

+54.8%
人民币256.64亿元
2016年销售收入

+60.1%
944,834平方米
2016年物业总交付面积

2016年，中国房地产市场经历了紧…松…更紧的走势。行业总体表现抢眼，但同时存在一线强，二线分化加剧，三四线去库存的不同区域不同城市的格局。在此市场行情下，仁恒置地集团物业销售全面完成各项指标，每个城市皆有亮点。2016年全年已确认销售收入取得54.8%的增长达至人民币256.64亿元。另外，2016年总交付面积为944,834平方米。全年住宅及车位预售金额从2015年的人民币288.87亿元提升15.1%至人民币332.57亿元。截至2016年12月31日，集团累计预售金额达人民币264.88亿元，这些预售合同金额将陆续入帐，带动集团未来的财务表现。

仁恒品牌在市场上进一步扩大，专业创新的产品设计和人性温馨的小区物业管理水平获得了市场和消费者的双重口碑，仁恒成熟稳重的经营管理能力赢得到市场持续认可，产品溢价能力再次加大。

Tianjin Hong Qiao Land
天津红咸雅苑

仁恒2016年预售均价也在购房者的支持下又一次取得突破，从2015年的人民币28,672元/平方米增加至2016年的人民币30,920元/平方米，再一次领先中国TOP 30开发商。同时集团毛利也持续上扬，从2015年的27.5%增加至31.2%。2016年毛利也由于较高毛利率项目的交付以及总交付面积的上升同比增长76.1%达人民币80.20亿元。受益与毛利增长，年内利润也同比取得67.8%的增长达人民币39.77亿元。2016年股东应占净利润相比2015年的人民币14.69亿元也增长83.7%达人民币26.97亿元。撇除投资性房地产公允值变动盈利及汇兑净影响，2016年股东应占净利润相比2015年的人民币10.95亿元增长109.3%达人民币22.92亿元。2016年全面摊薄每股盈利同比增长83.9%为人民币138.56分。

纵观仁恒各城市项目，皆有较大发展，成绩喜人！为2017年的发展奠定了较好的基础。

项目开发

2016年集团项目开发增长显著，年末在建项目26个，建筑面积322万平方米，比2015年的242万平方米有所增加。

2016年有5个项目顺利开工，其中有南通四季花园一期及二期、苏州江湾雅园、天津红咸雅苑一期及珠海仁恒滨海半岛花园三期。

销售方面，2016年新开盘项目8个，包括南通四季花园一期及二期、三亚海棠湾 – 9号地块、苏州江湾雅园、天津景新花园三期及红咸雅苑一期，以及珠海仁恒滨海半岛花园一期B标及二期。

竣工项目有10个，建筑面积99万平方米，包括成都仁恒滨河湾二期、南京仁恒绿洲新岛花园一期及江湾城四期、上海东邑雅苑、苏州棠悦湾花园及双湖湾A3地块、天津景新花园一期及二期、天津海河广场二期及珠海仁恒滨海半岛花园一期。

Sanya Hai Tang Bay – Land Parcel 9
三亚海棠湾 – 9号地块

集团在2016年加大了第三方实测实量检测和工程巡检力度，圆满实现年初目标。另外集中交付期实现了一次顺交率99.9%的优异成绩。

同时，各地工程质量评优斩获颇丰，仁恒荣获1个国家级及8个省市级殊荣。除成都仁恒滨河湾一期荣获"鲁班奖国家优质工程"外，成都仁恒滨河湾二期、南京绿洲新岛花园一期、三亚海棠湾 – 9号地块、上海东邑雅苑及世纪公寓、苏州棠悦湾花园及珠海仁恒滨海半岛花园一期7个项目获评当地"省市级优质结构工程"，南京仁恒江湾城三期还荣获"江苏省建筑业新技术应用示范工程证书"。

土地储备

2016年，房地产市场异常火爆导致土地市场竞争激烈，集团则通过公开市场招拍挂、股权合作等方式成功获得了12个新项目，总计容建筑面积约258万平方米。

招拍挂市场上，集团成功获取了南京No. 2016G84 地块、苏州 No. 2016-WG-46 地块、苏州 No. 2016-WG-63 地块以及天津仁恒海和院，本年已支付投资金额约人民币89亿元，计容建筑面积约91万平方米。

在股权合作及收购方面，集团成功获取了南京大吉别墅项目、南京 No. 2016G01 地块、深圳仁恒中心、深圳仁恒置地广场、苏州江湾雅园、天津红咸雅苑一、二期，以及天津No. 2013-090 地块等项目共计计容建筑面积约167万平方米。

2016年是仁恒土储大量入仓的一年，截止2016年底集团土地储备达到593万平方米，新购土地主要分布在南京、深圳、苏州和天津等中国经济发达的核心城市，将会为未来仁恒的业绩发展奠定基础。

物业投资

2016年国内新增商业地产项目依然众多，加上电商持续影响零售行业实体店铺的销售表现，各品牌的门店拓展继续放缓，商业项目的招商工作依然困难。集团自持投资性房地产业务表现基本稳定，如成都仁恒置地广场经过努力，成功与路易威登、以及普拉达等国际奢侈品牌续约。

2016年集团总业物出租营业收入为人民币3.63亿元，投资性房地产面积约43万平方米（不含停车库），上海仁恒森兰雅苑、深圳仁恒峦山美地花园两个高端住宅项目配套社区商业均在年底由筹备阶段转入试营运阶段，天津仁恒海河广场二期写字楼也于2016年12月份交付于首批租户使用。

展望未来，集团坚定的有节奏发展持有物业，2016年新增苏州 No. 2016-WG-46 地块的1个优质城市地铁交通节点商业项目的开发规划，另集团目前规划和建设中商业项目规模约21万平方米可出租面积（不含停车库）。

2016年集团在加强商业专业化管理、体系建设方面做了大量基础工作，以适应未来集团商业的发展需要做好准备。

物业管理

2016年是仁恒物业股权结构开始梳理后的首年运作，仁恒物业根据集团"适度规模、多元服务"的发展要求，在各地区公司及集团各部门的积极配合与支持下，夯实基础、做好各项服务工作，在继续深化管理的同时，稳步推进架构梳理、梯队搭建、制度建设、业务提升、企业文化建设、开拓创新等重点工作，较好地完成了年初预定的各项目标。

截止2016年底，仁恒物业旗下在十一个地区设有公司或分公司，其中一级资质企业三家、二级资质企业三家。在充分把握高端物业业务多元化和差异化的需求下，仁恒物业优化整合各项资源，适时成立多家专业化公司，在会所经营、经纪业务、幼儿早教、特约家居等方面进行尝试，形成了由基础服务、专业服务和社区多元化服务相结合的物业经营格局，将物业服务渗透至业户生活、工作等各个方面，增加了业务对物业的粘度，为公司创造一定的经济效益，确保物业管理活动的良性运作。

Yanlord Riverbay, Chengdu
成都仁恒滨河湾

经统计，至2016年末，仁恒物业在管项目48个，物业从业人数达4,750人。2016年全年经营收入逾人民币3.9亿元.

仁恒物业始终把满足客户的需求作为工作开展的第一要务，以匠人精神服务于点滴细微处。根据集团对物业服务持续发展的战略要求，不断注重企业内部管理和企业外部形象维系，获得了行业和社会的广泛认可。

2016年各地物业团队获得了以下殊荣："2016中国社区服务商TOP20"、"上海市物业管理行业诚信承诺AAA级企业"、"上海市质量管理奖"、"上海名牌企业"、"上海市物业管理行业协会优秀会员单位"、"江苏省物业服务行业综合实力五十强"、"成都市首批超甲级商务写字楼"等等，展示了仁恒物业在全国范围内的影响力。

2017年仁恒物业面临更多的机遇和挑战，整个团队定将上下齐心、携手并进，以服务为中心，不断开拓创新，把仁恒物业品牌推向一个更高的台阶！

人力资源

公司坚持并倡导"仁信治业、持之以恒"的企业精神，善待土地，善待员工，通过良好的职业发展平台和优秀的企业文化吸引和保留人才。仁恒一贯将人才战略列为集团发展战略的重要组成部分，集团设有人才培训发展领导小组和人才培训中心，组织实施"优才计划"，地方公司也根据业务发展需要推动二级人才培养计划。同时，通过校园招聘对第三梯队人才进行补充，系统性推动公司人才战略。仁恒视员工为企业的合作伙伴，信任、理解并善待员工；视人才为企业发展的核心，注重团队培养，通过一系列措施有效实现对团队的选、用、育、留，多年来一直保持员工队伍的相对稳定和不断成长。2016年，集团一方面加大内部潜力人才的培养力度，完成优才专项培养计划，并辅以外部优秀人才的引进，以确保足够核心人才配合企业的发展所需。同时，通过年度目标考核管理及季度销售考核等绩效体系的推进来进行团队业绩评估激励，结合绩效与发展潜力双维度进行人才盘点，优胜劣汰，根据企业经营及长久发展持续优化人才结构，从而进一步提升企业效率。

产品研发

仁恒，主张善待每一寸土地，以人为本，以建筑为载体，以空间为核心，优化整合城市、人文、环境、家庭多重生态系统，在产品设计中将健康生活、和谐邻里、与环境共融等理念不断迭代提升。

仁恒建筑研发中心秉持一贯使命感和行业危机感，讲求"传承经典、突破创新、再造团队"，创造新动力，寻找新办法、进一步适应和匹配中国房地产开发新形势下的新要求。通过重点把控前期土地拓展、树立行业标杆项目、突破局限开拓新业务类型、保驾护航重视产品线建设等技术管控手段，不断持续增强仁恒产品竞争力和行业地位。

仁恒将更加重视对前期投资的技术支持，把握行业大趋势，精选土地，优化方案提升土地价值。深度了解客群组成，明晰精准定位，保持仁恒一贯调性，从规划、产品、配套围绕圈层进行产品创新，有效降低投资风险。

在当今低成本高周转的主流发展模式下，高低配的居住空间布局堆砌遍地丛生，仁恒独树一帜，不与众从，精益求精，将空间与利益通过设计手法让利于业主。上海仁恒世纪公寓、南京仁恒江湾城等项目总体规划传承经典，对空间舒适度的持续创新和挖掘、打造社区生活化情境融合。以酒店式入户的舒适体验、便利的迎宾楼配置、运动会所，不断迭代创新，坚持回归居住本质理念，引领住宅市场新生活方向。

仁恒新领域探索，主动积累文旅项目、酒店项目、商业地产、产业地产等设计研发成果及行业标杆信息，努力发现各类新型业态在定位、规划、技术等方面的内生联系。珠海洲际酒店（位于仁恒滨海中心）及三亚皇冠假日酒店（位于三亚海棠湾–9号地块）展示了仁恒向高要求、高标准的酒

店设计及管理稳步推进。深圳仁恒中心以生态、低碳、智慧为主导，通过引入新加坡产业开发规划和绿色空间新理念，探索突破国内产业地产开发瓶颈，与国际一流设计团队合作，实现产业生态圈平衡，以保证产品品质。仁恒在千年古城区苏州仓街商住项目是苏州未来城市名片级、最具有代表性的文化旅游商业项目，再造姑苏古城区提升城市知名度，结合互联网+城市战略和未来消费市场费升级，商业地产研发提升仁恒在商业领域的知名度和品牌力。

仁恒在产品线及标准化建设方面持续发力，进一步完善技术管理机制，协同制度升级与团队升级，为仁恒品质保驾护航。以传承优质基因、沉淀技术经验为目标，不断推进产品线建设与迭代，保品质、控成本，聚焦客户需求和企业核心诉求，提升产品市场竞争力，实现从"业务支持"到"价值创造"积极转变。

投资关系及企业社会责任

集团十分重视企业的透明度及企业管治水平，并通过与投资市场的主动沟通，使各方更了解仁恒的业务发展策略及增长潜力。

集团注重向投资者提供及时、准确的讯息批露，并建立了一系列有系统的沟通管道，向股东、投资者及分析员提供定期及可靠的讯息。季度业绩报告及各项公告和新闻稿均通过新加坡证券交易所的官方网站公告及仁恒置地集团网站及时发布。

2016年，仁恒参与了25项分别在新加坡，香港，伦敦，纽约及澳门举办的国际投资者论坛会，与近千名的投资者及基金经理会面并介绍仁恒的运作及投资优点。在2016年与2017年初，仁恒也在新加坡交易所的带领下分别参与了在泰国，香港及马来西亚的新交所企业日，进一步拉近了仁恒与区内投资者的交流。

除了建立良好的投资者沟通渠道，仁恒也进行了不少社会责任计划，比如我们已开发和正在开发的一些建筑项目，就含有大量的绿色建筑计划，从设计、建设到管理的每个环节，我们都有较为详细的绿色促进规划。同时，公司每年也会从事社会捐赠等福利活动及向教育等事业提供了支持。例如在2016年里我们配合了义安理工学院的要求在成都的仁恒置地广场及仁恒滨河湾额外接待了4批共200名到中国考察的学生与导师。

+83.7%
人民币26.97亿元
2016年股东应占净利润

+83.9%
人民币138.56分
2016年全面摊薄每股盈利

DEVELOPMENT SCHEDULE SUMMARY

COMPLETED DEVELOPMENT PROPERTIES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	Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
	Chengdu					
1	Hengye International Plaza (1) 恒业国际广场 (1)	226 units	51%	26,473	40,655	S
2	Hengye Star Gardens 恒业星园	814 units	51%	23,036	83,943	R,S
3	Yanlord Landmark (1) 仁恒置地广场 (1)	425 units (S, H) and 32-storey (O)	100%	19,166	165,755	O,S,H
4	Yanlord Riverbay (Phase 1) 仁恒滨河湾，一期	526 units	70%	44,428	126,641	R
5	Yanlord Riverbay (Phase 2) 仁恒滨河湾，二期	1,096 units	70%	37,641	142,328	R
	Guiyang					
6	Xintian Centre 新天商业中心	123 units	67%	18,820	14,376	S
7	Yanlord Villas 仁恒别墅	92 units	67%	53,541	36,131	R
	Nanjing					
8	Bamboo Gardens 翠竹园	2,770 units	100%	233,000	394,310	R
9	Oasis New Island Gardens (Phase 1) 绿洲新岛花园，一期	868 units	100%	40,756	102,065	R
10	Orchid Mansions (1) 玉兰山庄 (1)	259 units	100%	94,134	69,649	R
11	Plum Mansions, including Lakeside Mansions 梅花山庄.湖畔之星	1,943 units	100%	113,182	327,667	R
12	Yanlord G53 Apartments (1) 仁恒G53 公寓 (1)	921 units	60%	46,640	97,728	R,S
13	Yanlord International Apartments, Tower A (1) 仁恒国际公寓，A栋 (1)	210 units	100%	3,337	43,567	H

COMPLETED DEVELOPMENT PROPERTIES (CONT'D)


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	Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
	Nanjing					
14	Yanlord International Apartments, Tower B 仁恒国际公寓,B栋	254 units	100%	25,078	67,683	R
15	Yanlord Yangtze Riverbay Town (Phase 1 to 4) (1) 仁恒江湾城,一至四期 (1)	3,882 units	60%	290,534	697,719	R,S
	Shanghai					
16	Bayside Gardens 御澜湾苑	764 units	51%	117,459	116,408	R,S
17	Yanlord Apartments 仁恒公寓	95 units	67%	4,146	13,579	R
18	Yanlord Eastern Gardens 仁恒东邑雅苑	774 units	100%	73,365	103,297	R
19	Yanlord Gardens 仁恒滨江园	1,943 units	67%	138,802	415,360	R
20	Yanlord Plaza 仁恒广场	411 units (R) and 4-storey (O)	67%	10,845	53,049	R,O
21	Yanlord Riverside City (1) 仁恒河滨城 (1)	4,216 units (R) and 9-storey (S)	67%	306,406	741,417	R,S
22	Yanlord Riverside Gardens 仁恒河滨花园	1,663 units	57%	128,895	319,756	R
23	Yanlord Sunland Gardens (1) 仁恒森兰雅苑 (1)	1,627 units	60%	202,851	336,038	R,S,H
24	Yanlord Town 仁恒家园	428 units	50%	94,174	75,573	R
25	Yanlord Townhouse 仁恒怡庭	269 units	100%	54,208	65,572	R
26	Yanlord Western Gardens 仁恒西郊雅苑	776 units	60%	76,055	137,464	R
27	Yunjie Riverside Gardens 运杰河滨花园	1,712 units	51%	210,566	253,048	R,S

DEVELOPMENT SCHEDULE SUMMARY

COMPLETED DEVELOPMENT PROPERTIES (CONT'D)


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	Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
	Shenzhen					
28	Yanlord Rosemite [1] 仁恒峦山美地花园 [1]	1,540 units	100%	46,777	148,424	R,S
	Suzhou					
29	Suzhou Wuzhong Area C1 Land - Villas 苏州吴中区C1地块 - 别墅	22 units	100%	57,857	22,614	R
30	Tang Yue Bay Gardens 棠悦湾花园	525 units	100%	28,044	62,322	R
31	Yanlord Lakeview Bay - Land Parcel A2 仁恒双湖湾，A2 地块	202 units	60%	135,524	88,263	R
32	Yanlord Lakeview Bay - Land Parcel A3 仁恒双湖湾，A3 地块	51 units	60%	17,063	15,065	R
33	Yanlord Lakeview Bay - Land Parcel A4 仁恒双湖湾，A4 地块	206 units	60%	48,779	56,276	R
34	Yanlord Lakeview Bay - Land Parcel A5 仁恒双湖湾，A5 地块	206 units	60%	60,217	61,702	R
35	Yanlord Lakeview Bay - Land Parcel A6 [1] 仁恒双湖湾，A6 地块 [1]	539 units	60%	37,257	78,456	R,S
36	Yanlord Lakeview Bay - Land Parcel A7 [1] 仁恒双湖湾，A7 地块 [1]	429 units	60%	34,806	64,602	R,S
37	Yanlord Peninsula (Apartment) 星屿仁恒	704 units	100%	78,310	100,342	R
38	Yanlord Peninsula (Townhouse) 星岛仁恒	350 units	100%	168,000	91,963	R
	Tangshan					
39	Tangshan Nanhu Eco-City - Land Parcel A9 [2] 唐山南湖生态城，A9 地块 [2]	759 units	50%	42,626	119,116	R,S
40	Tangshan Nanhu Eco-City - Land Parcel A19 [2] 唐山南湖生态城，A19 地块 [2]	116 units	50%	46,199	38,611	R

COMPLETED DEVELOPMENT PROPERTIES (CONT'D)

	Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
	Tianjin					
41	Tianjin Jinnan Land (Phase 1) [(1)] 景新花园，一期 [(1)]	762 units	60%	50,155	94,339	R,S
42	Tianjin Jinnan Land (Phase 2) 景新花园，二期	638 units	60%	47,793	75,564	R
43	Yanlord Riverside Gardens 仁恒河滨花园	2,184 units	80%	130,789	325,819	R
44	Yanlord Riverside Plaza (Phase 1) [(1)] 仁恒海河广场，一期 [(1)]	971 units (R) and 7-storey (S)	100%	43,605	224,426	R,S
45	Yanlord Riverside Plaza (Phase 2) [(1)] 仁恒海河广场，二期 [(1)]	544 units (R), 29-storey office and retail mall	100%	51,672	163,971	R,O,S
	Zhuhai					
46	Yanlord Marina Centre - Section B 仁恒滨海中心，B标段	101 units	95%	7,772	33,170	R
47	Yanlord Marina Peninsula Gardens (Phase 1) [(1)] 仁恒滨海半岛花园，一期 [(1)]	956 units	57%	39,652	137,925	R,S
48	Yanlord New City Gardens [(1)] 仁恒星园 [(1)]	2,697 units	90%	229,931	413,012	R,S
	Total			3,890,366	7,456,760	

R = Residential O = Office S = Shop & Retail H = Hotel & Serviced Apartment

[(1)] Consists of properties held for investment with unexpired terms of lease between 27-65 years as at 31 December 2016
[(2)] Being held under associate or joint venture

DEVELOPMENT SCHEDULE SUMMARY

PROPERTIES UNDER DEVELOPMENT

	Project	Description	Interest Attributable	Actual / Estimated Completion date	Site Area (sqm)	GFA (sqm)	Percentage of Completion	Type
	Chengdu							
1	Yanlord Riverbay (Phase 3) 仁恒滨河湾,三期	654 units	70%	3rd Quarter 2019	36,974	127,784	15%	R
	Nanjing							
2	Nanjing No. 2016G01 Land (1) 南京 No. 2016G01 地块 (1)	861 units (R) coupling with a serviced apartment and retail shops	33%	4th Quarter 2019	61,465	154,338	0%	R,S,H
3	Oasis New Island Gardens (Phase 2) 绿洲新岛花园,二期	718 units	100%	Jul 2017	37,911	94,025	83%	R
4	Oasis New Island Gardens (Phase 3) 绿洲新岛花园,三期	662 units	100%	Dec 2017	30,800	75,518	47%	R
5	Yanlord Yangtze Riverbay Town - Land Parcel 5 仁恒江湾城 - 5 号地块	41 units	60%	Jun 2017	12,845	19,338	55%	S
	Nantong							
6	Four Seasons Gardens (Phase 1) 四季花园,一期	528 units	60%	2nd Quarter 2018	27,750	64,650	27%	R
7	Four Seasons Gardens (Phase 2) 四季花园,二期	560 units (R) and 32 units (S)	60%	4th Quarter 2018	34,401	72,024	18%	R,S
	Sanya							
8	Sanya Hai Tang Bay - Land Parcel 9 (2) 三亚海棠湾 - 9 号地块 (2)	599 units	100%	May 2017	193,772	75,592	65%	R,H

PROPERTIES UNDER DEVELOPMENT (CONT'D)


17


18

	Project	Description	Interest Attributable	Actual / Estimated Completion date	Site Area (sqm)	GFA (sqm)	Percentage of Completion	Type
	Shanghai							
9	Yanlord Eastern Gardens 仁恒东邑雅苑	420 units	100%	Aug 2017	55,166	77,673	99%	R
10	Yanlord on the Park 仁恒世纪公寓	717 units	50%	Sep 2017	55,776	148,163	67%	R
11	Yanlord Western Gardens 仁恒西郊雅苑	694 units	60%	Jan 2017	60,882	110,039	99%	R
	Shenzhen							
12	Shenzhen Longgang District Redevelopment Project (Phase 1) 深圳龙岗区 - 城中村改造项目，一期	1,353 units (R) coupling with retail shops	75%	3rd Quarter 2019	42,937	128,810	0%	R,S
13	Yanlord Centre 仁恒中心	Multi-purpose complexs	100%	2nd Quarter 2020	36,953	333,280	0%	O,S,H
	Suzhou							
14	Riverbay Gardens 江湾雅园	High-rise apartments	30%	4th Quarter 2018	123,313	297,972	0%	R,S
15	Suzhou No. 2016-WG-46 Land Parcels (3) 苏州 No. 2016-WG-46 地块 (3)	Villas coupling with commercial facilities	100%	4th Quarter 2020	84,199	75,132	0%	R,S
16	Suzhou No. 2016-WG-63 Land 苏州 No. 2016-WG-63 地块	High-rise apartments	100%	4th Quarter 2018	24,938	50,855	0%	R
17	Tang Yue Bay Gardens 棠悦湾花园	841 units	100%	May 2017	49,776	110,619	77%	R
18	Yanlord Lakeview Bay - Land Parcel A1 仁恒双湖湾，A1 地块	66 units	60%	Apr 2017	34,458	24,299	90%	R

DEVELOPMENT SCHEDULE SUMMARY

PROPERTIES UNDER DEVELOPMENT (CONT'D)

22-23

	Project	Description	Interest Attributable	Actual / Estimated Completion date	Site Area (sqm)	GFA (sqm)	Percentage of Completion	Type
	Tianjin							
19	Tianjin Hong Qiao Land (Phase 1) [1] 红咸雅苑，一期 [1]	1,500 units (R) coupling with retail shops	25%	2nd Quarter 2020	73,207	203,878	3%	R,S
20	Tianjin Jinnan Land (Phase 3) 景新花园，三期	2,012 units	60%	Dec 2017	87,864	199,243	64%	R
21	Yanlord Majestive Mansion 仁恒海和院	1,644 units	100%	2nd Quarter 2020	193,514	243,935	0%	R
	Zhuhai							
22	Yanlord Marina Centre - Section A [2] [3] 仁恒滨海中心 - A标段 [2][3]	464 units	95%	1st Quarter 2018	10,482	86,446	41%	O,S,H
23	Yanlord Marina Centre - Section B [3] 仁恒滨海中心 - B标段 [3]	316 units	95%	2nd Quarter 2019	23,950	102,214	76%	R,S
24	Yanlord Marina Peninsula Gardens (Phase 1) 仁恒滨海半岛花园，一期	48 units	57%	May 2017	22,634	16,393	96%	R
25	Yanlord Marina Peninsula Gardens (Phase 2) 仁恒滨海半岛花园，二期	1,043 units	57%	Dec 2017	62,674	162,108	60%	R,S
26	Yanlord Marina Peninsula Gardens (Phase 3) 仁恒滨海半岛花园，三期	1,470 units	57%	4th Quarter 2019	102,725	169,092	6%	R
	Total				1,581,366	3,223,420		

R = Residential O = Office S = Shop & Retail H = Hotel & Serviced Apartment

[1] Being held under associate or joint venture
[2] Consists of GFA of 100,148 sqm under construction-in-progress in property, plant and equipment
[3] Consists of properties held for investment with unexpired terms of lease between 29-41 years as at 31 December 2016

PROPERTIES HELD FOR FUTURE DEVELOPMENT

	Project	Description	Interest Attributable	Site Area (sqm)	GFA (sqm)	Type
	Nanjing					
1	Nanjing Daji Land Parcels 南京大吉别墅项目	1,600 units	51%	466,669	320,000	R
2	Nanjing Eco Hi-tech Island - Land Parcel G73 南京生态科技岛 - G73 地块	Multi-purpose complexs	100%	45,067	118,653	O,S,H
3	Nanjing No. 2016G84 Land 南京 No. 2016G84 地块	Multi-purpose complexs	100%	426,439	540,000	R,H
	Shanghai					
4	Shanghai San Jia Gang Land Plot 仁恒滨海度假村	Villas	67%	71,662	35,831	R
	Shenzhen					
5	Shenzhen Longgang District Economic Residential Housing 深圳龙岗区 - 经济适用房	Under pending	75%	48,021	144,064	R
6	Shenzhen Longgang District Redevelopment Project (Phase 2, 3 & 4) 深圳龙岗区 - 城中村改造项目，二、三、四期	3,230 units (R) coupling with retail shops	75%	87,063	261,190	R,S
7	Yanlord Landmark 仁恒置地广场	Multi-purpose complexs	100%	2,513	37,688	R,O,S
	Tangshan					
8	Tangshan Nanhu Eco-City Land Parcels [(1)] 唐山南湖生态城地块 [(1)]	Residential units coupling with office tower and retail shops	50%	97,620	198,382	R,O,S
	Tianjin					
9	Tianjin Hong Qiao Land (Phase 2) [(1)] 红咸雅苑，二期 [(1)]	Office tower coupling with retail shops	25%	33,713	56,760	O,S
10	Tianjin No. 2013-090 Land Parcels [(1)] 天津 No. 2013-090 地块 [(1)]	1,072 units (R) coupling with multi-purpose complexs	50%	135,293	264,915	R,S,H
	Total			1,414,060	1,977,483	

R = Residential　　O = Office　　S = Shop & Retail　　H = Hotel & Serviced Apartment

[(1)] Being held under associate or joint venture

BOARD OF DIRECTORS


1.


2.


3.


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1

MR. ZHONG SHENG JIAN

Chairman and CEO

Mr. Zhong Sheng Jian is the founder, Chairman and CEO of Yanlord Land Group Limited and was first appointed to our Board of Directors on February 13, 2006. His last re-election as our Director was on April 28, 2015. He is the father of Mr. Zhong Ming and uncle of Mr. Zhong Siliang, our Executive Directors. He is responsible for the overall management and strategy development of Yanlord Land Group Limited. Since the 1980s, Mr. Zhong has founded and established a number of businesses in trading, manufacturing and real estate spanning China, Singapore and Hong Kong. He started our property development business in the early 1990s through the setting up of our offices in Shanghai and Nanjing, which are now part of the SGX Mainboard listed Yanlord Land Group Limited.

Due to his investments in and contribution to various parts of China, Mr. Zhong has been awarded Honorary Citizenships in Nanjing, Zhuhai, Shanwei and Suzhou in the PRC. In 2005, he was also awarded the White Magnolia Award in Shanghai for his contributions to the Municipal City of Shanghai.

Mr. Zhong is a member of several Singapore-China investment and trade committees, including Singapore-Sichuan Trade and Investment Committee, Singapore-Tianjin Economic & Trade Council, Singapore-Jiangsu Cooperation Council, Singapore-Guangdong Collaboration Council and China-Singapore Business Council. He is also a member of the Tianjin People's Political Consultative Conference Standing Committee, Honorary President of Teochew Poit Ip Huay Kuan, Council Member of the Singapore Chinese Chamber of Commerce & Industry, Director of Business China, Vice-President of the Singapore Federation of Chinese Clan Associations, Director of the Sun Yat Sen Nanyang Memorial Hall, Member of the Board of Trustees of the Chinese Development Assistance Council and Vice Chairman of the Singapore Chinese Cultural Centre.

In 2010, Mr. Zhong was named and awarded the Singapore Businessman of the Year 2009. In August 2015, Mr. Zhong also received the Public Service Medal (Pingat Bakti Masyarakat), a Singapore National Day Award, by the Singapore Government.

2

MR. ZHONG SILIANG

Executive Director

Mr. Zhong Siliang is our Executive Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 28, 2016. He is the nephew of Mr. Zhong Sheng Jian, our Chairman and CEO and cousin of Mr. Zhong Ming, our Executive Director. Since October 2005, he has held the position of Assistant General Manager of our Investments Department and in this capacity, Mr. Zhong Siliang assists in the evaluation of new business developments and conducts feasibility studies on potential property transactions for investments.

Mr. Zhong Siliang is responsible for establishing relations with architectural firms, real estate consultants and the district and national government officials, for the execution of our investments in the PRC. He also works closely with our Chairman and CEO, Mr. Zhong Sheng Jian, and assists in other group decisions. In addition, Mr. Zhong Siliang assists in the overall management of Yanlord Land (Shenzhen) Co., Ltd. and is also the Deputy Director of our operations in the Group since 2007.

Mr. Zhong Siliang holds a Master's Degree from the Washington University-Fudan University EMBA programme and a Bachelor's Degree in Business Administration from the University of Portsmouth, England.

BOARD OF DIRECTORS

3

MS. CHAN YIU LING

Executive Director

Ms. Chan Yiu Ling is our Executive Director and was first appointed on May 11, 2006. Her last re-election as our Director was on April 28, 2016. Since 1999, she has been assisting our Chairman and CEO, Mr. Zhong Sheng Jian, and is responsible for various administrative functions of our Group. Prior to that, she was the Sales Manager of Yanlord Industrial Ltd., where she managed its sales and marketing department for close to 10 years. Ms. Chan has approximately eight years of administration experience working as an Administration Executive in various companies before joining us. Ms. Chan graduated with a diploma from the Chinese YMCA Secretarial Course in 1982.

4

MR. ZHONG MING

Executive Director

Mr. Zhong Ming is our Executive Director and was first appointed on October 1, 2016. He is the son of Mr. Zhong Sheng Jian, our Chairman and CEO and cousin of Mr. Zhong Siliang, our Executive Director. Since 2013, Mr. Zhong Ming has been holding various positions from property management to property development in various subsidiaries of Yanlord Land Group Limited.

Mr. Zhong Ming is currently holding positions as director of few subsidiaries of our Group in Shanghai and Tianjin. In this capacity, he oversees the execution of our Group's strategies at the city level, helping to obtain prime sites in Shanghai and Tianjin, driving forward our Group's development and expansion strategies in China.

Mr. Zhong Ming graduated from the University of Melbourne with a Bachelor's Degree in Accounting and Finance.

5

MR. RONALD SEAH LIM SIANG

Lead Independent Director

Mr. Ronald Seah Lim Siang is our Lead Independent Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 25, 2014. Over a 26-year period between 1980 and 2005, he held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer managing the investment portfolio of AIA Singapore and later as Vice-President, Direct Investments of AIG Global Investment Corporation (Singapore) Ltd. Between 2001 and 2005, Mr. Seah was also Chairman of the Board of Directors of AIG Global Investment Corporation (Singapore) Ltd.

From 1978 to 1980, Mr. Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager with responsibilities covering the sale of bonds and securities and offshore (ACU) loan administration for the bank. Between 2002 and 2003, Mr. Seah served on the panel of experts of the Commercial Affairs Department of Singapore. He served on the Investment Committee of the National Council of Social Service between 1996 and 2014.

Mr. Seah serves on the boards of other listed companies namely, Global Investments Limited, Telechoice International Limited and PGG Wrightson Limited (listed on the New Zealand Stock Exchange). Mr Seah is also an Independent Director on the boards of M&C REIT Management Limited (as manager of CDL Hospitality Real Estate Investment Trust) and M&C Business Trust Management Limited (as trustee-manager of CDL Hospitality Business Trust). He is currently Chairman of Nucleus Connect Pte. Ltd. and sole proprietor of Softcapital SG, a business consultancy.

Mr. Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Upper Honours in Economics) from the then University of Singapore in 1975.

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MR. NG SER MIANG

Independent Director

Mr. Ng Ser Miang is our Independent Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 25, 2014. He is an Executive Board Member of the International Olympic Committee (IOC) and the Chairman of the IOC Finance Commission. He is also the Chairman of Rowsley Ltd. Mr. Ng was the Chairman of NTUC Fairprice Co-operative Limited and an Independent Director of Singapore Press Holdings Limited.

Mr. Ng is the Chairman of Network China and has served as a member of the Asia Pacific Economic Cooperation (APEC) Business Advisory Committee (ABAC) from 2001 to September 2008. He was the Chairman of the Singapore Sports Council from 1991 to 2002. Mr. Ng was appointed a Justice of the Peace in September 2005 and was a Nominated Member of Parliament from June 2002 to January 2005. In 2010, he was conferred the Meritorious Service Medal (Pingat Jasa Gemilang), a National Day Award, by the Singapore Government in addition to the Public Service Star in 1999. He received the Outstanding Chief Executive of the Year Award (Singapore Business Awards) in 1992. Mr. Ng graduated with a Bachelor's Degree in Business Administration (Honours) from the then University of Singapore and is also a Fellow of the Chartered Institute of Transport (FCIT).

7

MS. NG SHIN EIN

Independent Director

Ms. Ng Shin Ein is our Independent Director and was first appointed on May 11, 2006. Her last re-election as our Director was on April 28, 2015.

Ms. Ng Shin Ein is the Managing Partner of Gryphus Capital, a pan-Asian private equity investment firm founded by professionals with legal, investment management and operational backgrounds. Ms. Ng also leads a network of investors to take proprietary stakes in companies and co-invests with other family offices and private equity firms. Pursuant to such investments, she engages actively with portfolio companies, focusing on strategic development and innovation.

Prior to Gryphus Capital, Ms. Ng spent a number of years at the Singapore Exchange, where she was responsible for developing Singapore's capital market and bringing foreign companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee, where she contributed industry perspectives and also acted as a conduit between the marketplace and regulators.

Ms. Ng also sits on the board of NTUC Fairprice and is its youngest ever director. Additionally, she serves on the boards of First Resources Limited and UPP Holdings Limited, companies listed on the mainboard of the Singapore Exchange. Ms. Ng was also an adjunct research fellow at the National University of Singapore, where she focused on her areas of interest, philanthropy and social enterprises.

Admitted as an advocate and solicitor of the Singapore Supreme Court, Ms. Ng started her career as a corporate lawyer in Messrs Lee & Lee. Whilst at Messrs Lee & Lee, she advised clients on joint ventures, mergers and acquisitions and fundraising exercises.

Ms. Ng holds a Degree in LLB (Honours) from Queen Mary and Westfield College, University of London. Ms. Ng is Singapore's Non Resident Ambassador to Hungary.

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LIEUTENANT-GENERAL (RET) NG JUI PING

Independent Director

Lieutenant-General (Ret) Ng is our Independent Director and was first appointed on September 20, 2006. His last re-election as our Director was on April 28, 2016.

General Ng has a distinguished 30-year military career culminating in the position of Chief of Defence Force, Singapore, from which he retired in 1995. He was also Chief of Army and Chief of Staff (General Staff). He has been conferred the Meritorious Service Medal (Military) and the Public Administration Medal (Gold) (Military), among other national honours, for distinguished service to Singapore. He has also been conferred prestigious awards by regional countries for his contributions.

Following his retirement from the Singapore Armed Forces, General Ng took up the entrepreneurial route. He listed the company he co-founded on the SGX-ST in January 2000 and exited via a share sale in late 2004. He is currently Chairman of August Asia Consulting Pte. Ltd., a wholly-owned business advisory. He is an Independent Director on the SGX-ST listed boards of Pacific Andes Resources Development Limited and Singapore Shipping Corporation Limited. He is Consultant to Sumitomo Mitsui Banking Corporation, Singapore Branch.

General Ng held various positions including Deputy Chairman of the Central Provident Fund Board, Singapore; Director of PSA International Pte Ltd and Chairman of its China and North East Asia Grouping; Director of NTUC Income; Chairman of Singapore Technologies Automotive Ltd and Chartered Industries of Singapore Pte Ltd; Corporate Advisor to Singapore Technologies Pte. Ltd. and Singapore Technologies Engineering Ltd; and Chairman Asia Pacific of AGT International, a global public safety and security corporation. He was Advisor to Aldar, the largest Abu Dhabi property developer, and to Chesterton International Property Consultants Pte. Ltd.

General Ng is a Master of Arts (History) from Duke University, USA and a graduate of the Advanced Management Programme, Harvard Business School, USA.

KEY MANAGEMENT

MR. ZHANG HAO NING

Executive Vice-President

Mr. Zhang Hao Ning has been our Executive Vice-President since May 2012 and is responsible for project development. Prior to that, he was the General Manager of our Nanjing operations since 2005 and was responsible for the overall management of our business in Nanjing. He was our Assistant General Manager of our Nanjing operations between 2000 and 2005, and the Manager of our Nanjing operations department from 1994 to 2000. Prior to joining us, he worked as a Cost Engineer in the Architecture Design Institute, Nanjing and Hong Kong Changjiang Pte. Ltd., Nanjing between 1990 and 1994, and was responsible for the management of their engineering budgets and was also involved in the design work of the Architecture Design Institute. Mr. Zhang obtained a Master's Degree in Economics from the Nanjing University in the PRC in 1995. He is also a registered Cost Engineer with the Jiangsu Department of Personnel since 1998.

MR. CHEN PING

Executive Vice-President

Mr. Chen Ping has been our Executive Vice-President since January 2013 and is responsible for the Group's property management business. Prior to this, Mr. Chen was the General Manager of Shanghai Yanlord Property Management Co., Ltd. between 2004 and January 2013. Between 1994 and 2004, Mr. Chen was a Sales Manager of Shanghai Yanlord Property Co., Ltd. Before joining the Group, Mr. Chen was an Engineer of Shanghai Xin Hu Steel Factory. Mr. Chen graduated from Tongji University, Shanghai, majoring in Civil and Industrial Engineering.

MR. WANG XI

Executive Vice-President

Mr. Wang Xi was appointed our Executive Vice-President in November 2016. Prior to his appointment, Mr. Wang was the Deputy General Manager of China Merchants Shekou Holdings Co., Ltd., and concurrently held the position of General Manager of its East China operations. Mr Wang also served as the Director of Business Development at China Merchant's Property Development Subsidiary (CMPD) prior to the merger of China Merchants' Shekou Group and CMPD. Mr Wang has also held key positions in various companies such as the President of Xing Zhi Ye Real Estate Agency Co., Ltd. in Shenzhen between June 2004 and December 2005 as well as the Director of Marketing and Architectural Design at Shanghai Industrial Investment (Holdings) Co., Ltd.'s property development unit and the General Manager of its subsidiary's operations in Zhengzhou from January 2003 to April 2004. Mr. Wang graduated from Shenzhen University in 1993 with a Bachelor's Degree in Architecture. He obtained his Master's Degree in Management and Engineering from the South China University of Technology in 2001. Mr. Wang is also a Certified Civil Engineer.

MR. JIM CHAN CHI WAI

Group Financial Controller

Mr. Jim Chan Chi Wai has been our Group Financial Controller since 2003. He is responsible for our day-to-day finance and accounting functions and is also involved in the supervision of our finance staff. He has more than 10 years of experience as an auditor and accountant. Prior to joining Yanlord, he was the Financial Controller of Komark Hong Kong Co., Ltd, a subsidiary of KomarkCorp Berhad, a multinational company listed in Malaysia, for approximately two years. He was also a Senior Accountant at Cathay International Limited, a multinational company with investments in the United Kingdom and the PRC from 1997 to 2001 and Senior Audit Accountant at PricewaterhouseCoopers from 1993 to 1997. Mr. Chan graduated with a Bachelor of Arts in Accountancy with Second Class Honours, Upper Division, from the City University of Hong Kong in 1993. He is a Certified Public Accountant registered with the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants, Hong Kong.

KEY MANAGEMENT

MR. ZHOU YIQUN

General Manager - Shanghai

Mr. Zhou Yiqun was appointed the General Manager of our Shanghai operations in December 2015 and is responsible for the overall management of our business in Shanghai. Mr. Zhou has more than 10 years of operation experience in real estate development. Prior to this appointment, Mr. Zhou served as our Group's Investment and Operation Director and the Executive Director of our Shanghai subsidiary. Before joining Yanlord, Mr. Zhou served in various managerial positions of Hong Kong based RK Properties. Mr. Zhou was the General Manager of RK Group's Shanghai subsidiary from 2009 to 2014. He was the Executive Deputy General Manager of its Jinan subsidiary from 2007 to 2009. Mr. Zhou was with Sunco Group from 2005 to 2007, working as the Assistant to General Manager at its Wuxi subsidiary and Senior Manager of the Sunco's Strategic Development Center. Mr. Zhou graduated from Suzhou University with a Master's degree in Management. He also completed his EMBA program (2014-2015) at Cheung Kong Graduate School of Business.

MR. LAM CHING FUNG

General Manager – Zhuhai

Mr. Lam Ching Fung has been the General Manager of our operations in Zhuhai since 2005 and is responsible for the overall management of our business in Zhuhai. He was previously a Director of the Zhuhai Special Economic Zone Longshi Bottle Capping Factory and was also responsible for the overall management of the business. Mr. Lam has completed an executive course in Advanced Business Management conducted by Qinghua University, Zhuhai.

MR. ZHOU CHENG

General Manager – Suzhou

Mr. Zhou Cheng is the General Manager of our Suzhou operations and is responsible for the overall management of our business in Suzhou. Mr. Zhou joined Yanlord in April 2000 as a Project Manager in the Group's Nanjing subsidiary and has assumed numerous roles including the Manager of the Engineering Department at our Nanjing subsidiary before assuming the role as the Vice General Manager of our Suzhou subsidiary in 2005. Between 1999 and April 2000, Mr. Zhou was the Project Manager and Civil & HVAC Engineer at Pepsi Cola Nanjing. Between 1989 and 1999, Mr. Zhou was Project Manager at Nanjing Steel Group. Mr. Zhou graduated from Xi'an University of Architecture and Technology in 1989 with a Degree in Industrial and Civil Engineering.

MR. HUANG ZHONG XIN

General Manager – Chengdu

Mr. Huang Zhong Xin has been the General Manager of our Chengdu operations since 2005 and is responsible for the overall management of our operations in Chengdu. Since 2002, he served as the Assistant General Manager and later the General Manager of Yanlord Land (Chengdu) Co., Ltd. He was involved in day to day operations of the company. Mr. Huang has been with Yanlord since 1989. He was first involved in the international trading business of Yanlord Holdings until 1993. Subsequently, he was the Assistant General Manager of Yanlord Industrial (Shenzhen) Co., Ltd. and was responsible for setting up of industrial centres for two years. From 1994 to 2002, he was the Assistant General Manager at Yanlord Investment (Nanjing) Co., Ltd. and Acting General Manager of Yanlord Property Management Co., Ltd. and was involved in the marketing, project planning and property management functions of these companies.

MR. GAO YONGJUN

General Manager – Nanjing and Sanya

Mr. Gao Yongjun was appointed General Manager of our Nanjing operations in May 2012 and has been the General Manager of our Sanya operations since March 2010. He is responsible for the overall management of our businesses in Nanjing and Sanya. Mr. Gao joined Yanlord in March 1998 and worked as Project Manager, Director of Engineering Department and Assistant General Manager of our Nanjing subsidiary over the years, taking charge of project development and landscaping. between December 2006 and March 2010, Mr. Gao was the Vice General Manager of our Nanjing subsidiary. Mr. Gao graduated from Yangzhou University in 1993 and majored in Industrial and Civil Engineering.

MR. LIN JUN TENG

General Manager – Tianjin and Tangshan

Mr. Lin Jun Teng was appointed General Manager of our Tianjin and Tangshan operations in March 2017 and had served as the Assistant General Manager of operations in Tianjin from June 2004 to June 2014. He is responsible for the overall planning and management of our business in Tianjin. Prior to joining Yanlord, he served as Director and General Manager of Hong Kong Art and Decoration Co., Ltd. between 2001 and 2003. Before that, Mr. Lin worked as Director and General Manager at a catering management company in Canada. Mr. Lin graduated in LaSalle College of Montreal Canada in 1993 and majored in hotel management.

MR. ZHONG BAILING

General Manager - Zhongshan

Mr. Zhong Bailing was appointed the General Manager of our Zhongshan operations from December 2015 and is currently responsible for the management of our business in Zhongshan. Prior to that, he was the General Manager of our Shanghai operations from 2012 to 2015 and was the General Manager of our Shenzhen operations from 2010 to 2012. From December 2006 to March 2010, Mr. Zhong Bailing was the Executive Vice General Manager of our Zhuhai subsidiary, taking charge of architectural design, engineering, marketing and property management. Between February 1999 and December 2006, he was a Senior Manager of IPC Corporation Ltd. of Singapore and was responsible for the company's project development and marketing in Zhuhai. From May 1996 to February 1998, he was a Project Manager with Zhuhai International Engineering Consulting Co., Ltd. Mr. Zhong Bailing obtained his Bachelor's and Master's Degrees in Engineering from Tsinghua University in 1993 and 1996 respectively. From February 1998 to March 1999, he was a visiting scholar at Nanyang Technological University in Singapore. He is a member of China Institute of Real Estate Appraisers and Agents.

MR. RUAN XIN KUN

General Manager – Haimen

Mr. Ruan Xin Kun was appointed the General Manager of our Haimen operations in April 2014 and is responsible for the overall management of our business in Haimen. Mr. Ruan was the Assistant General Manager of our Suzhou operations from 2003 to 2014 and was responsible for cost management, finance, sales and business development. Prior to joining Yanlord, Mr. Ruan served as a Department Manager of Chuxiong Renheng Fertilizer Co., Ltd. and Executive Director of Suzhou Renheng QingLing Motor Trading Co., Ltd.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Zhong Sheng Jian
Chairman and Chief Executive Officer

Zhong Siliang
Executive Director

Chan Yiu Ling
Executive Director

Zhong Ming
Executive Director

Ronald Seah Lim Siang
Lead Independent Director

Ng Ser Miang
Independent Director

Ng Shin Ein
Independent Director

Ng Jui Ping
Independent Director

AUDIT COMMITTEE

Ronald Seah Lim Siang, *Chairman*
Ng Shin Ein
Ng Jui Ping

NOMINATING COMMITTEE

Ng Ser Miang, *Chairman*
Ronald Seah Lim Siang
Zhong Sheng Jian

REMUNERATION COMMITTEE

Ng Jui Ping, *Chairman*
Ronald Seah Lim Siang
Ng Shin Ein

RISK MANAGEMENT COMMITTEE

Ng Shin Ein, *Chairman*
Ng Ser Miang
Ng Jui Ping
Zhong Sheng Jian

COMPANY SECRETARY

Lim Poh Choo

GROUP FINANCIAL CONTROLLER

Jim Chan Chi Wai

REGISTERED OFFICE

9 Temasek Boulevard
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Singapore 038989
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Registration No.: 200601911K

WEBSITE

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AUDITORS

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2
#33-00
Singapore 068809
Partner-in-charge:
Tay Hwee Ling
(Appointed on October 14, 2013)

SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
(Appointed on March 7, 2006)

PRINCIPAL BANKERS

China Merchants Bank
Bank of Shanghai Co., Ltd.
The Hongkong and Shanghai
Banking Corporation Limited
Hang Seng Bank Limited
DBS Bank Limited
Standard Chartered Bank Limited
Bank of China Co., Ltd.
Wing Lung Bank Limited
Shanghai Pudong Development Bank
Co., Ltd.

STOCK EXCHANGE LISTING

Singapore Exchange Securities
Trading Limited

DATE AND COUNTRY OF INCORPORATION

February 13, 2006, Singapore

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 65 to 142 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2016, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debt when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Zhong Sheng Jian
Zhong Siliang
Chan Yiu Ling
Zhong Ming (Appointed on October 1, 2016)
Ronald Seah Lim Siang
Ng Ser Miang
Ng Shin Ein
Ng Jui Ping

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares in, or debentures of, the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act ("Act") except as follows:

	Holdings registered in the name of directors		Holdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company				
a) Ordinary shares				
Zhong Sheng Jian [(1)]	17,860,200	40,939,700	1,278,390,000	1,278,390,000
Zhong Siliang	320,000	320,000	–	–
Chan Yiu Ling [(2)]	720,000	720,000	25,000	25,000
Ronald Seah Lim Siang	20,000	20,000	–	–
Ng Ser Miang	705,000	705,000	–	–
Ng Shin Ein	118,000	118,000	–	–
Ng Jui Ping	100,000	100,000	–	–
b) Senior notes due 2017 (S$'000)				
Ng Shin Ein	5,000	5,000	–	–

(1) Zhong Sheng Jian is deemed to be interested in 1,278,390,000 (2015 : 1,278,390,000) ordinary shares in the Company held by Yanlord Holdings Pte. Ltd. ("YHPL"). YHPL is a company which is owned by Zhong Sheng Jian (95% shareholding interest) and his spouse (5% shareholding interest).

(2) 25,000 shares in the Company held by the spouse of Chan Yiu Ling.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

The directors' beneficial interest in other related corporations' shares and debentures were as follows:

	Holdings registered in the name of directors		Holdings in which directors are deemed to have an interest	
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
<u>Immediate holding company</u>				
Yanlord Holdings Pte. Ltd. (Ordinary shares)				
Zhong Sheng Jian	95,000,000	95,000,000	5,000,000	5,000,000
Subsidiary				
Yanlord Land (HK) Co., Ltd. Senior notes due 2016 (RMB'000)				
Ng Shin Ein	2,000	–	–	–
Related corporations				
(i) Yanlord Capital Pte. Ltd. (Ordinary shares)				
Zhong Sheng Jian	–	–	1	1
(ii) Yanlord Industries Pte. Ltd. (Ordinary shares)				
Zhong Sheng Jian	–	–	1	1

By virtue of Section 7 of the Act, Zhong Sheng Jian is deemed to have an interest in the Company and all the related corporations of the Company.

The directors' interests in the shares and senior notes of the Company as at January 21, 2017 were the same as at December 31, 2016.

4 SHARE OPTIONS

Yanlord Land Group Share Option Scheme 2006 ("ESOS 2006")

The ESOS 2006 provided eligible participants with the opportunity to participate in the equity of the Company and motivated them towards better performance through increased dedication and loyalty. The aggregate number of shares that might be issued or issuable under the plan at any time may not exceed 15% of the then issued share capital.

The Remuneration Committee ("RC") comprises 3 independent directors, and they are Ng Jui Ping, Ronald Seah Lim Siang and Ng Shin Ein. The RC administered the ESOS 2006.

Options might be granted to employees and directors of the Company or any of the related entities, which included the subsidiaries or any entities in which the Company held a substantial ownership interest, including any such employees or directors who were associates of the controlling shareholder. The controlling shareholder was not eligible to participate in the ESOS 2006.

In general, the plan administrator determined the exercise price of an option. The exercise price might be a fixed or variable price related to the fair market value of the ordinary shares. The term of each award would be stated in the award agreement. The term of an award would not exceed 10 years from the date of the grant, or five years from the date of grant in the case of options granted to non-executive directors or employees of related entities other than subsidiaries. In general, the plan administrator determined, or the award agreement specified, the vesting schedule.

The Board of Directors may at any time amend, suspend or terminate the ESOS 2006. Amendments to the plan were subject to shareholder approval to the extent required by law, or stock exchange rules or regulations. Additionally, shareholder approval was specifically required to increase the number of shares available for issuance under the plan or to extend the term of an option beyond 10 years. Unless terminated earlier, the plan would expire and no further awards may be granted after the tenth anniversary of the shareholder's approval of the plan. Accordingly, the scheme lapsed in May 2016. During the financial year, no option was granted under the ESOS 2006.

5 OPTIONS EXERCISED

During the financial year, no share of the Company or any corporation in the Group was allotted and issued by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

6 UNISSUED SHARES UNDER OPTIONS

There was no option granted by the Company or any corporation in the Group to any person to take up unissued shares of the Company or any corporation in the Group as at the end of the financial year.

DIRECTORS' STATEMENT

7 AUDIT COMMITTEE

At the date of this statement, the Audit Committee comprises the following members:

Ronald Seah Lim Siang	Chairman and Lead Independent Director
Ng Jui Ping	Independent Director
Ng Shin Ein	Independent Director

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP, Singapore for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

8 AUDITORS

The auditors, Deloitte & Touche LLP, Singapore, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Zhong Sheng Jian

Chan Yiu Ling

March 29, 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Yanlord Land Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2016, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 142.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2016, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANLORD LAND GROUP LIMITED

Key audit matters	How the scope of our audit responded to the key audit matters
Assessment of recoverable amounts for properties for development, properties under development for sale and completed properties for sale	
Properties (consisting of properties for development, properties under development for sale and completed properties for sale) (Note 9) represent a significant proportion of the assets in the Group's statement of financial position. The accounting policies for Properties are set out in Note 2 to the consolidated financial statements. Management's assessment of the recoverable amounts of the Properties is a judgemental process which requires the estimation of the net realisable value, which takes into account the future selling price (net of all estimated selling expenses) and the anticipated costs to completion. The shortfall in the net realisable value over the cost is accounted for as an impairment loss in profit or loss. Management evaluates the recoverable amounts of the Properties by taking into consideration of the development plan, timing of sales, current market prices of the properties involved or of comparable properties and the prevailing property market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Inappropriate management estimates made in the impairment assessment would result in a significant impact on the carrying amount of the Properties.	Our audit procedures on the assessment of recoverable amounts of the Properties included, among others: • We obtained an understanding and tested the design and implementation of the Group's controls by checking approvals over reviewing and updating selling price and cost forecasts, setting budgets and authorising and recording of costs. • We discussed with management to understand their basis used in determining whether the Group's Properties are impaired and the amount of impairment to be recorded, if any. • We challenged management assumptions relating to the reasonableness of the future sales which included transacted prices of past sales of the properties involved or of comparable properties in similar locations; actual prices achieved post year end of the properties involved where available; and the need to adjust for any of these estimated prices considering the current property market trends. We compared these prices to either externally published benchmarks where appropriate, and also considered whether the expected selling prices are consistent with the current property market trends. • On a sampling basis, we agreed land costs to the acquisition of land use right agreements, corroborated projected construction costs to the construction agreements, if available and compared to the construction costs of the Group's other similar projects based on the project plan. • We focused our work on development projects with slower than expected sales or with low or negative margins. We compared actual margins achieved to budget, to check the accuracy of the Group's budgeting process. Where there were differences, we corroborated the management's explanations. We evaluated the sensitivity of the margin to a change in sales prices and costs and considered whether this indicated a risk of impairment. Based on our procedures, we agreed with management that no indicators of impairment were noted for the Properties held by the Group as at year end. We have also assessed and validated the adequacy of the Group's disclosures in respect of significant estimates made on the recoverable amounts for Properties in the consolidated financial statements.

Key audit matters	How the scope of our audit responded to the key audit matters
Valuation of investment properties	
Investment properties (Note 8) represent a significant proportion of the assets in the Group's statement of financial position. The accounting policy for investment properties is set out in Note 2 to the consolidated financial statements. The fair value of the investment properties is based on the valuation performed by an independent professional valuer (the "Valuer"). In determining fair values of completed properties, two valuation techniques are used by the Valuer, depending on the nature of each investment property. These valuation techniques used include: (i) direct comparison approach; and (ii) income capitalisation approach. Investment properties under construction are valued using residual approach, which is estimation of the capital value of a development with reference to its development potential by deducting costs and developer's profit from its estimated completed development value. The valuation of the investment properties is a significant estimation area as it is underpinned by a number of key assumptions used in the valuation, which include (i) price per square metre; (ii) capitalisation rates; (iii) market rent per square metre per month. Inappropriate estimates made in the valuation assessment would result in a significant impact on the carrying amount of the investment properties and the fair value changes in the consolidated statements of profit or loss.	Our audit procedures on the valuation of investment properties included, among others: • We tested the key controls implemented by the management to appoint the Valuer and to review and challenge the work of the Valuer. • We assessed the Valuer's competence and capabilities and read their terms of engagement with the Group, determining that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. • We discussed with the Valuer to understand the assumptions and valuation techniques used in valuing the investment properties and the market evidence used by the Valuer to support their assumptions. • With the assistance of our internal valuation specialist, we evaluated the appropriateness of the valuation techniques used by the Valuer for the respective investment properties. Taking into account the nature of each investment property, we benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data and comparable property transactions, where available, and we also considered whether these assumptions are consistent with the current market environment. Based on our procedures, we noted that the valuation methodologies adopted by the Valuer are comparable to the methods used for similar property types and consistent with those used in the prior years. In addition, we noted that the key assumptions used in the valuations to be within a reasonable range of our expectations. We have also assessed and validated that the adequacy of the Group's disclosures in respect of the inputs into the valuations properly reflected the assumptions used and met the requirements of the relevant accounting standards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANLORD LAND GROUP LIMITED

Key audit matters	How the scope of our audit responded to the key audit matters
Land appreciation tax ("LAT")	
The Group is required to exercise judgement in respect of LAT provision (Note 31) in accordance with the People's Republic of China ("PRC") tax laws and regulations. Inappropriate management judgement made in the provision of LAT would result in a significant impact to the consolidated statement of profit or loss.	Our audit procedures on the LAT provision included, among others: • We checked the Group's LAT computations and assessed for consistency with the local legislation and accounting standards, with the assistance of our internal tax specialists in the PRC. • We evaluated judgements taken relating to management's provisioning for LAT, by reference to local tax requirements and review of correspondence with tax authorities. Based on our procedures, we concur with management that the LAT provision made by the Group as at year end is appropriate. We have also assessed and validated the adequacy of the Group's disclosures setting out the basis of the LAT provisions and contingencies in Note 31, as well as the level of management judgements involved in the LAT provisions in Note 3 of the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YANLORD LAND GROUP LIMITED

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tay Hwee Ling.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 29, 2017

STATEMENTS OF FINANCIAL POSITION

December 31, 2016

	Note	GROUP 2016 RMB'000	GROUP 2015 RMB'000	COMPANY 2016 RMB'000	COMPANY 2015 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**1,819,467**	1,549,547	**–**	–
Investment properties	8	**13,694,556**	11,566,890	**–**	–
Properties for development	9	**2,792,938**	4,115,661	**–**	–
Investments in subsidiaries	10	**–**	–	**2,473,274**	2,364,026
Investments in associates	11	**610,363**	–	**–**	–
Investments in joint ventures	12	**1,200,199**	1,093,544	**–**	–
Other receivables	14	**873,153**	529,704	**–**	–
Non-trade amounts due from:					
Joint ventures	12	**1,202,561**	–	**–**	–
Non-controlling shareholders of subsidiaries	13	**200,000**	383,115	**–**	–
Intangible asset	15	**613**	613	**–**	–
Deferred tax assets	16	**444,061**	501,444	**–**	–
Total non-current assets		**22,837,911**	19,740,518	**2,473,274**	2,364,026
Current assets					
Inventories		**73,020**	58,726	**–**	–
Completed properties for sale	9	**4,704,316**	7,269,346	**–**	–
Properties under development for sale	9	**38,214,800**	31,287,170	**–**	–
Trade receivables		**22,197**	30,551	**–**	–
Other receivables and deposits	14	**4,903,935**	2,619,672	**4**	1
Non-trade amounts due from:					
Subsidiaries	5	**–**	–	**14,139,634**	12,461,137
Associates	11	**1,176,327**	434	**–**	–
Joint ventures	12	**207,750**	522,372	**–**	–
Non-controlling shareholders of subsidiaries	13	**2,287,134**	261,627	**–**	–
Other related parties	6	**625**	587	**–**	–
Income tax prepayment		**916,334**	518,545	**–**	–
Held-for-trading investment	19	**–**	19,510	**–**	–
Pledged bank deposits	20	**520,680**	51,367	**–**	–
Cash and cash equivalents	20	**17,583,383**	17,516,991	**21,902**	10,687
Total current assets		**70,610,501**	60,156,898	**14,161,540**	12,471,825
Total assets		**93,448,412**	79,897,416	**16,634,814**	14,835,851

STATEMENTS OF FINANCIAL POSITION

December 31, 2016

		GROUP		COMPANY	
	Note	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
EQUITY AND LIABILITIES					
Capital, reserves and non-controlling interests					
Share capital	21	**7,261,726**	7,261,726	**7,261,726**	7,261,726
Reserves		**13,785,068**	13,073,343	**(83,411)**	(594,366)
Equity attributable to owners of the Company		**21,046,794**	20,335,069	**7,178,315**	6,667,360
Non-controlling interests		**8,962,762**	10,199,385	**–**	–
Total equity		**30,009,556**	30,534,454	**7,178,315**	6,667,360
Non-current liabilities					
Bank and other borrowings – due after one year	24	**12,438,479**	8,022,065	**922,254**	264,894
Senior notes	25	**–**	4,401,192	**–**	4,401,192
Deferred tax liabilities	16	**2,243,610**	1,959,037	**–**	–
Non-trade amount due to a non-controlling shareholder of a subsidiary	13	**337,127**	–	**–**	–
Put liability to acquire non-controlling interests	18	**1,421,698**	–	**–**	–
Total non-current liabilities		**16,440,914**	14,382,294	**922,254**	4,666,086
Current liabilities					
Bank and other borrowings – due within one year	24	**8,311,176**	3,971,322	**495,221**	–
Senior notes	25	**1,916,309**	1,867,109	**1,916,309**	–
Trade payables	26	**7,926,994**	7,747,525	**–**	–
Other payables	27	**24,088,948**	17,956,456	**21,737**	96,241
Non-trade amounts due to:					
Subsidiary	5	**–**	–	**5,386,074**	3,382,080
Joint venture	12	**365**	–	**–**	–
Ultimate holding company	5	**672,486**	–	**672,486**	–
Directors	6	**42,418**	24,134	**42,418**	24,084
Non-controlling shareholders of subsidiaries	13	**297,347**	157,169	**–**	–
Other related parties	6	**47,630**	9,854	**–**	–
Income tax payable		**3,694,269**	3,101,863	**–**	–
Derivative financial instruments	17	**–**	145,236	**–**	–
Total current liabilities		**46,997,942**	34,980,668	**8,534,245**	3,502,405
Total equity and liabilities		**93,448,412**	79,897,416	**16,634,814**	14,835,851

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Financial year ended December 31, 2016

	Note	GROUP 2016 RMB'000	GROUP 2015 RMB'000
Revenue	28	**25,664,408**	16,581,357
Cost of sales		**(17,644,673)**	(12,026,205)
Gross profit		**8,019,735**	4,555,152
Other operating income	29	**812,281**	1,087,664
Selling expenses		**(397,153)**	(340,518)
Administrative expenses		**(594,997)**	(742,304)
Other operating expenses		**(15,202)**	(6,728)
Finance cost	30	**(347,819)**	(206,893)
Share of loss of associates	11	**(11,790)**	–
Share of profit (loss) of joint ventures	12	**7,099**	(29,260)
Profit before income tax		**7,472,154**	4,317,113
Income tax	31	**(3,494,956)**	(1,946,690)
Profit for the year	32	**3,977,198**	2,370,423
Profit attributable to:			
Owners of the Company		**2,697,361**	1,468,539
Non-controlling interests		**1,279,837**	901,884
		3,977,198	2,370,423
Earnings per share (cents)	33		
– Basic		**138.56**	75.36
– Diluted		**138.56**	75.36

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial year ended December 31, 2016

	Note	GROUP	
		2016 RMB'000	2015 RMB'000
Profit for the year	32	**3,977,198**	2,370,423
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation difference		**(411,354)**	(190,440)
Cash flow hedge	23	**36,361**	(29,267)
Other comprehensive expense for the year, net of tax		**(374,993)**	(219,707)
Total comprehensive income for the year		**3,602,205**	2,150,716
Total comprehensive income attributable to:			
Owners of the Company		**2,322,368**	1,248,832
Non-controlling interests		**1,279,837**	901,884
		3,602,205	2,150,716

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2016

	Note	Share capital RMB'000	Treasury share RMB'000 (Note 22)	Currency translation reserve RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Hedging reserve RMB'000 (Note 23)	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
GROUP												
Balance at January 1, 2015		7,261,726	–	(87,400)	1,075,491	(1,834,019)	(7,094)	(337,230)	13,103,297	19,174,771	10,198,470	29,373,241
Effect of changes in investment classification		–	–	(495)	–	–	–	–	25,315	24,820	(336,257)	(311,437)
Balance at January 1, 2015, as restated		7,261,726	–	(87,895)	1,075,491	(1,834,019)	(7,094)	(337,230)	13,128,612	19,199,591	9,862,213	29,061,804
Total comprehensive income for the year:												
Profit for the year		–	–	–	–	–	–	–	1,468,539	1,468,539	901,884	2,370,423
Other comprehensive expense for the year		–	–	(190,440)	–	–	(29,267)	–	–	(219,707)	–	(219,707)
Total		–	–	(190,440)	–	–	(29,267)	–	1,468,539	1,248,832	901,884	2,150,716
Transactions with owners, recognised directly in equity:												
Change of interest in subsidiary	10	–	–	–	–	–	–	34	–	34	(34)	–
Capital injection by non-controlling shareholders		–	–	–	–	–	–	–	–	–	11,400	11,400
Dividends	34	–	–	–	–	–	–	–	(113,388)	(113,388)	–	(113,388)
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(576,078)	(576,078)
Appropriations		–	–	–	168,543	–	–	–	(168,543)	–	–	–
Total		–	–	–	168,543	–	–	34	(281,931)	(113,354)	(564,712)	(678,066)
Balance at December 31, 2015		7,261,726	–	(278,335)	1,244,034	(1,834,019)	(36,361)	(337,196)	14,315,220	20,335,069	10,199,385	30,534,454

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2016

	Note	Share capital RMB'000	Treasury Shares RMB'000 (Note 22)	Currency translation reserve RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Hedging reserve RMB'000 (Note 23)	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
GROUP												
Balance at January 1, 2016		7,261,726	–	(278,335)	1,244,034	(1,834,019)	(36,361)	(337,196)	14,315,220	20,335,069	10,199,385	30,534,454
Total comprehensive income for the year:												
Profit for the year		–	–	–	–	–	–	–	2,697,361	2,697,361	1,279,837	3,977,198
Other comprehensive expense for the year		–	–	(411,354)	–	–	36,361	–	–	(374,993)	–	(374,993)
Total		–	–	(411,354)	–	–	36,361	–	2,697,361	2,322,368	1,279,837	3,602,205
Transactions with owners, recognised directly in equity:												
Change of interest in subsidiaries	10	–	–	–	–	–	–	(103)	–	(103)	(2,397)	(2,500)
Capital injection from non-controlling Shareholders		–	–	–	–	–	–	–	–	–	112,513	112,513
Capital withdrawal by non-controlling shareholders		–	–	–	–	–	–	–	–	–	(1,806,473)	(1,806,473)
Non-controlling interest arising from acquisition of subsidiaries	36	–	–	–	–	–	–	–	–	–	72,504	72,504
Dividends	34	–	–	–	–	–	–	–	(141,836)	(141,836)	–	(141,836)
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(784,422)	(784,422)
Change of control as subsidiaries to associates	37	–	–	–	–	–	–	–	–	–	(108,185)	(108,185)
Put liability to acquire non-controlling interest	18	–	–	–	–	–	–	(1,421,698)	–	(1,421,698)	–	(1,421,698)
Repurchase of shares	22	–	(47,006)	–	–	–	–	–	–	(47,006)	–	(47,006)
Appropriations		–	–	–	158,976	–	–	–	(158,976)	–	–	–
Total		–	(47,006)	–	158,976	–	–	(1,421,801)	(300,812)	(1,610,643)	(2,516,460)	(4,127,103)
Balance at December 31, 2016		7,261,726	(47,006)	(689,689)	1,403,010	(1,834,019)	–	(1,758,997)	16,711,769	21,046,794	8,962,762	30,009,556

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2016

	Note	Share capital RMB'000	Treasury shares RMB'000	Currency translation reserve RMB'000	Accumulated (losses) profits RMB'000	Total RMB'000
COMPANY						
Balance at January 1, 2015		7,261,726	–	(505,335)	(153,822)	6,602,569
Total comprehensive income for the year:						
Profit for the year		–	–	–	237,689	237,689
Other comprehensive expense for the year		–	–	(59,510)	–	(59,510)
Total		–	–	(59,510)	237,689	178,179
Transaction with owners, recognised directly in equity:						
Dividends	34	–	–	–	(113,388)	(113,388)
Total		–	–	–	(113,388)	(113,388)
Balance at December 31, 2015		7,261,726	–	(564,845)	(29,521)	6,667,360
Total comprehensive income for the year:						
Profit for the year		–	–	–	381,945	381,945
Other comprehensive income for the year		–	–	317,852	–	317,852
Total		–	–	317,852	381,945	699,797
Transaction with owners, recognised directly in equity:						
Dividends	34	–	–	–	(141,836)	(141,836)
Repurchase of shares	22	–	(47,006)	–	–	(47,006)
Total		–	(47,006)	–	(141,836)	(188,842)
Balance at December 31, 2016		7,261,726	(47,006)	(246,993)	210,588	7,178,315

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2016

		GROUP	
		2016 RMB'000	2015 RMB'000
Operating activities			
Profit before income tax		**7,472,154**	4,317,113
Adjustments for:			
Depreciation expense		**32,085**	35,093
Dividend income from held-for-trading investment		**–**	(93)
Fair value gain on investment properties		**(366,090)**	(919,865)
Fair value gain on held-for-trading investment		**(5,967)**	(4,985)
Finance cost		**347,819**	206,893
Interest income		**(268,270)**	(119,239)
Net gain on disposal of property, plant and equipment		**(7,135)**	(29)
Net gain on disposal of investment properties		**(7,251)**	(4,962)
Net loss on disposal of held-for-trading investment		**937**	–
Share of loss of associates		**11,790**	–
Share of (profit) loss of joint ventures		**(7,099)**	29,260
Operating cash flows before movements in working capital		**7,202,973**	3,539,186
Properties for development		**(270,461)**	(399,634)
Inventories		**(14,071)**	(13,747)
Completed properties for sale		**12,733,840**	3,632,749
Properties under development for sale		**(7,388,342)**	(169,801)
Trade and other receivables and deposits		**(2,481,718)**	(2,234,052)
Trade and other payables		**4,688,181**	12,705,481
Cash generated from operations		**14,470,402**	17,060,182
Interest paid		**(1,230,321)**	(1,261,693)
Income tax paid		**(2,950,647)**	(1,846,525)
Net cash from operating activities		**10,289,434**	13,951,964
Investing activities			
Acquisition of subsidiaries	36	**(1,499,913)**	–
Change of control as subsidiaries to associates	37	**(146,984)**	–
Investments in associates		**(495,408)**	–
Investments in joint ventures		**(51,160)**	–
Dividend received from held-for-trading investment		**–**	93
Interest received		**191,740**	92,271
Increase in pledged bank deposits		**(469,313)**	(21,525)
Proceeds on disposal of property, plant and equipment		**21,971**	973
Proceeds on disposal of investment properties		**39,599**	49,593
Proceeds on disposal of held-for-trading investment		**24,374**	–
Payment for property, plant and equipment		**(382,911)**	(510,694)
Payment for investment properties		**(1,608,985)**	(207,367)
Advance to associates		**(1,266,762)**	(68)
Repayment from associates		**177,282**	–
Advance to joint ventures		**(3,288,874)**	(95,973)
Repayment from joint ventures		**2,446,508**	–
(Advance to) Repayment from non-controlling shareholders of subsidiaries		**(1,824,530)**	108,815
Net cash used in investing activities		**(8,133,366)**	(583,882)

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2016

	Note	GROUP 2016 RMB'000	GROUP 2015 RMB'000
Financing activities			
Dividends paid	34	**(141,836)**	(113,388)
Dividends paid to non-controlling shareholders of subsidiaries (Note A)		**(746,936)**	(655,402)
Proceeds from bank and other borrowings		**15,834,321**	3,769,800
Repayment of bank and other borrowings		**(9,821,984)**	(5,526,974)
Purchase of treasury shares	22	**(47,006)**	–
Repurchase and redemption of senior notes		**(4,514,269)**	(128,940)
Advance from joint venture		**365**	–
Advance from directors		**16,853**	3,178
Advance from ultimate holding company		**677,572**	–
Advance from non-controlling shareholders of subsidiaries		**401,243**	21,196
Repayment to non-controlling shareholders of subsidiaries		**(1,708,461)**	–
Advance from other related parties		**37,776**	7,858
Cash injection from non-controlling shareholders of subsidiaries		**112,513**	11,400
Cash withdrawal by non-controlling shareholders of subsidiaries		**(1,806,473)**	–
Acquisition of non-controlling interest in a subsidiary		**(2,500)**	–
Net cash used in financing activities		**(1,708,822)**	(2,611,272)
Net increase in cash and cash equivalents		**447,246**	10,756,810
Cash and cash equivalents at beginning of year	20	**17,516,991**	6,556,843
Effect of exchange rate changes on the balance of cash held in foreign currencies		**(380,854)**	203,338
Cash and cash equivalents at end of year	20	**17,583,383**	17,516,991

Note A

During the year, the Group declared dividends of RMB784 million (2015 : RMB576 million) to non-controlling shareholders of subsidiaries, of which RMB37 million (2015 : RMB1 million) was unpaid as at year end and was included in "amount due to non-controlling shareholders of subsidiaries" as at December 31, 2016.

In 2015, dividends paid to non-controlling shareholders of subsidiaries of RMB655 million included RMB80 million which was declared in 2014.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1 GENERAL

The Company (Registration No. 200601911K) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Temasek Boulevard, #36-02 Suntec Tower Two, Singapore 038989. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Renminbi ("RMB").

The principal activity of the Company is to carry on the business of an investment holding company and procurer of funds.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016 were authorised for issue by the Board of Directors on March 29, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

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

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

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

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new / revised FRSs and INT FRS does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

At the date of authorisation of these financial statements, the following new / revised FRSs, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments* [1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)* [1]
- FRS 116 *Leases* [2]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative* [3]
- Amendment to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses* [3]
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]

[1] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
[2] Applies to annual periods beginning on or after January 1, 2019, with early application permitted if FRS 115 is adopted.
[3] Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
[4] Application has been deferred indefinitely, however early application is still permitted.

Consequential amendments were also made to various standards as a result of these new / revised standards.

The management anticipates that the adoption of the above FRSs, INT FRS and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 may not result in any material changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of revenue and deferred revenue, including information about contracts with customers, contract balances and performance obligation. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the new FRS 115.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A lease asset will be recognised on statement of financial position, representing the Group's right to use the leased asset over the lease term and, recognising corresponding liability to make lease payments. Additional disclosures may be made with respect of the Group's exposure to asset risk and credit risk, where the Group is the lessor. Management has commenced an assessment of the possible impact of implementing FRS 116. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 116.

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments required an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Management anticipates that the initial application of Amendments to FRS 7 will result in additional disclosures to be made with respect to statement of cash flows. Management has commenced an assessment of the possible impact of implementing Amendments to FRS 7. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the Amendments to FRS 7.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

IFRS convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRSs") for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending December 31, 2018.

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect significant changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new / revised IFRSs as set out in the preceding paragraphs on the equivalent FRSs.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1. Particularly, management is evaluating the transition option to 'zerorise' cumulative translation differences that exist in reserves for companies with foreign subsidiaries, joint arrangements, associates, and if elected, may result in material adjustments on transition to the new framework.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – The acquisition of subsidiaries from a common controlling shareholder is accounted for using the merger accounting method. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries.

The acquisition of subsidiaries from a party other than a common controlling shareholder is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

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

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

PUT LIABILITY TO ACQUIRE NON-CONTROLLING INTERESTS – When an entity within the Group writes non-cancellable rights for non-controlling shareholders to put back their shares to the entity (the "Put Instruments") as part of the acquisition of a subsidiary for settlement in cash, a put liability is recognised for the present value of the exercise price of the Put Instruments. This creates an obligation or potential obligation for the entity to purchase its subsidiary's instruments (constitutes the Group's own equity in the consolidated financial statements) for cash.

When the non-controlling shareholders still have present access to the returns associated with the underlying ownership interests, the Group has chosen an accounting policy that the non-controlling interests continue to be recognised. Therefore, the present value of the Put Instruments is recognised in equity. Subsequent to initial recognition of the financial liability, changes in the carrying amount of the financial liability is recongised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

If the Put Instrument expires unexercised, then the charge to equity will be reversed and the financial liability will be derecognised. If the Put Instruments are exercised, then the charge to equity will be reversed and the financial liability will be derecognised and acquisition accounting will be applied, whereby the acquisition of the Group's ownership interests in a subsidiary that do not result in the change in control over the subsidiary are accounted for as equity transactions.

FINANCIAL INSTRUMENT – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held-for-trading or it is designated as at FVTPL.

A financial asset is classified as held-for-trading if:

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

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in "other operating income" or "other operating expense" line in the consolidated statement of profit or loss. Fair value is determined in the manner described in Note 4 (c) (vi).

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank and other borrowings and senior notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 17 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments of derivatives as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 17 contain details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in other comprehensive income are also detailed in Note 23.

Cash flow hedge

The effective portion of changes in fair value of derivatives that are designed and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the consolidated statement of profit or loss and consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are recognised on a straight-line basis over the lease term on the same basis as the leased income.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

PROPERTIES FOR DEVELOPMENT – Properties for development are mainly vacant leasehold land for future development in respect of which physical construction is not expected to commence within twelve months from the end of the reporting period. They are stated at cost less allowance for any impairment in value.

PROPERTIES UNDER DEVELOPMENT FOR SALE – Properties under development for sale are stated at lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion. Cost of property under development comprises land cost, development costs and borrowing costs capitalised during the development period. When completed, the units held for sale are classified as completed properties for sale.

Properties under development for sale include properties in respect of which concrete planning and preparatory activities have been approved by management and have commenced, and physical construction is expected to commence within twelve months from the end of the reporting period.

COMPLETED PROPERTIES FOR SALE – Completed properties for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Construction-in-progress consists of land cost, construction costs and capitalised borrowing costs incurred during the period of construction.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than construction-in-progress, over their estimated useful lives, using the straight-line method on the following bases:

Leasehold land and buildings	–	2% to 5%
Motor vehicles	–	10% to 25%
Furniture, fixtures and equipment	–	20%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of a property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES – Investment properties are properties held to earn rental income and / or for capital appreciation and properties under construction for such purposes. They are measured initially at cost, including transaction costs and subsequent to initial recognition, measured at fair value. Professional valuations are obtained at least once every year. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. Where there is an inability to determine fair value reliably when comparable market transactions are infrequent and alternative reliable estimates of fair value are not available, the investment property is measured at cost.

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

Transfers are made to or from investment properties when and only when there is a change in use. For a transfer from properties for development, properties under development for sale or completed properties for sale to investment properties, any difference between the fair value of the properties at that date and its previous carrying amount is recognised in profit or loss.

INTANGIBLE ASSET – This relates to a club membership held on a long-term basis and is stated at cost less any impairment loss.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than investment properties, derivative financial instruments and held-for-trading investment carried at fair value, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when investment in an associate becomes investment in a joint venture or investment in a joint venture becomes investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

MERGER DEFICIT – Merger deficit arises from combination of entities under common control accounted for using merger accounting method (see "Business Combinations"). The merger reserve represents the difference between the aggregate nominal amounts of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued by the Company as consideration for the acquisition.

STATUTORY RESERVE – Statutory reserve represents the amount transferred from profit after tax of the subsidiaries incorporated in the People's Republic of China ("PRC") (excluding Hong Kong) in accordance with the PRC requirement. The statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount towards setting off any accumulated losses or increasing capital.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

OTHER RESERVE – The negative balance in other reserve comprises (i) the net excess of purchase consideration over the carrying amount of non-controlling interests acquired in the subsidiaries at the date of acquisition; and (ii) the charge of the present value of a put liability in relation to put instruments entered into with the non-controlling shareholders on their equity interests in a subsidiary. Subsequent changes in the carrying value of the put liability are recognised in profit or loss.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable.

<u>Sale of properties developed</u>

Revenue from properties developed for sale is recognised when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the respective property to the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances received from customers for sales of properties and are classified as current liabilities.

<u>Rendering of services</u>

Management fee income and service income are recognised over the period when services are rendered.

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

<u>Dividend income</u>

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

<u>Rental income</u>

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

GOVERNMENT SUBSIDIES – Government subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the subsidies will be received. Government subsidies are recognised as income over the periods necessary to match them with the related costs. Government subsidies related to expense items are recognised in the same period as those expenses are charged to the profit or loss and are reported separately as "other operating income".

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Pursuant to the relevant regulations of the PRC government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes ("the Schemes") operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged as expense when incurred.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The presentation currency for the consolidated financial statements of the Group and the statement of financial position of the Company is RMB.

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

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the entities in the Group which do not have RMB as the functional currency (including comparatives) are expressed in RMB using exchange rates prevailing at the end of each reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's currency translation reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS – Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, cash at bank and fixed deposits and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Group's accounting policies

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

<u>Land Appreciation Tax ("LAT")</u>

Income from sale of properties in the PRC is subject to LAT at progressive rates under the PRC tax laws and regulations. The management estimates and provides for LAT in accordance with the PRC tax laws and regulations. The management has assessed and considers the provision of LAT as at the end of the reporting period to be adequate. The LAT expense recorded during the year is disclosed in Note 31.

<u>Control over entities for which the Group does not have more than 50% ownership interest and voting rights</u>

Note 10 describes that Shanghai Renpin Property Development Co., Ltd. and Suzhou Renan Real Estate Co., Ltd. are subsidiaries of the Group even though the Group has only a 50% and 30% ownership interest and shareholder's voting rights in these two entities respectively.

The management of the Company assessed whether or not the Group has control over these entities based on whether the Group has the practical ability to direct the relevant activities of these entities unilaterally. In making their judgement, the management considered the Group's rights arising from the contractual arrangements. After assessment, the management concluded that the Group has sufficiently dominant voting right and power to direct the relevant activities of these entities and therefore the Group has unilateral control over these entities.

<u>Classification of Singapore Intelligent Eco Island Development Pte. Ltd. as joint venture</u>

Singapore Intelligent Eco Island Development Pte. Ltd. is a Singapore-incorporated company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangements have rights to the assets and obligations for the liabilities of the joint arrangements. Accordingly, Singapore Intelligent Eco Island Development Pte. Ltd. is classified as a joint venture of the Group (Note 12).

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty

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

Carrying amounts of properties for development, completed properties for sale and properties under development for sale

The aggregate carrying amount of these properties totalled RMB45.712 billion as at December 31, 2016 (2015 : RMB42.672 billion), details of which are disclosed in Note 9. They are stated at cost less allowance for impairment in value or at the lower of cost and net realisable values, assessed on an individual property basis.

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to management's judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

Valuation of investment properties

As disclosed in Note 8, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair values, the valuer has made reference to both the comparable sales transactions as available in the relevant market of these properties and the capitalisation of the existing and reversionary rental income potential.

The estimated value from capitalisation of the existing and reversionary rental income potential is used as an estimate of fair value, and the estimate is dependent on several variable parameters and projections including projected rental income, occupancy rate, rental yield, discount rate and terminal yield.

Any change in the variable parameters and projections will result in change in fair value estimate for the investment properties which can potentially be significant.

In relying on the independent professional valuation report, management considered the method of valuation and the Group's marketing strategy and is of the view that the estimated values are reasonable.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2016 RMB'000	**2015 RMB'000**	**2016 RMB'000**	**2015 RMB'000**
Financial assets				
Fair value through profit or loss:				
Held-for-trading investment	**–**	19,510	**–**	–
Loans and receivables (including cash and cash equivalents)	**24,207,375**	19,861,783	**14,161,536**	12,471,824
Financial liabilities				
Put liability to acquire non-controlling interests	**1,421,698**	–	**–**	–
Derivative financial instruments:				
In designated hedge accounting relationships	**–**	145,236	**–**	–
Amortised cost	**32,559,183**	26,966,674	**9,456,499**	8,168,491

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

Financial assets

Type of financial asset	**Gross amounts of recognised financial assets RMB'000**	**Gross amounts of recognised financial liabilities set off in the statement of financial position RMB'000**	**Net amounts of financial assets presented in the statement of financial position RMB'000**
<u>**GROUP**</u>			
2016			
Non-trade amounts due from non-controlling shareholders of subsidiaries	2,501,635	(14,501)	2,487,134
2015			
Non-trade amounts due from non-controlling shareholders of subsidiaries	825,048	(180,306)	644,742

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (Cont'd)

Financial liabilities

Type of financial liability	Gross amounts of recognised financial liabilities RMB'000	Gross amounts of recognised financial assets set off in the statement of financial position RMB'000	Net amounts of financial liabilities presented in the statement of financial position RMB'000
GROUP			
2016			
Non-trade amounts due to non-controlling shareholders of subsidiaries	648,975	(14,501)	634,474
2015			
Non-trade amounts due to non-controlling shareholders of subsidiaries	337,475	(180,306)	157,169

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Group does not have any related amounts subject to enforceable master netting arrangements and similar arrangements which have not been set off in the statement of financial position.

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign exchange risk, interest rate risk, equity price risk), credit risk and liquidity risk.

The Group uses derivative financial instruments to manage its exposure to foreign currency risk relating to its foreign currency denominated senior notes.

The Group does not hold or issue derivative financial instruments for speculative purposes.

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4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

(i) *Foreign exchange risk management*

The Group enters into transactions in various foreign currencies, including the United States ("US") dollar, Hong Kong ("HK") dollar, Singapore ("SG") dollar and Renminbi ("RMB") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

	GROUP				COMPANY			
	Liabilities		Assets		Liabilities		Assets	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
US dollar	**884,964**	3,377,822	**1,240,642**	496,703	**416,220**	2,648,186	**66**	42
HK dollar	**583,201**	26,879	**31,374**	47,083	**–**	–	**71**	61
SG dollar	**14,251,113**	12,573,688	**5,388,618**	3,383,984	**–**	–	**–**	–
RMB	**4,697,635**	2,063,178	**326,736**	246,957	**797,910**	–	**1,956**	235

Further details on the derivative financial instruments are found in Note 17 to the financial statements.

Foreign currency sensitivity

The following table details the sensitivity to a 3% increase in the exchange rate of the functional currency of each entity of the Group against the relevant foreign currencies. 3% is the sensitivity rate used by key management personnel in assessing foreign currency risk and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans, cash and cash equivalents, held-for-trading investment, as well as intercompany loans within the Group where they gave rise to an impact on the Group's profit or loss and / or other equity. A positive number below indicates an increase in profit before income tax and other equity when the functional currency of each Group entity strengthens by 3% against the relevant foreign currencies.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(i) *Foreign exchange risk management (Cont'd)*

For a 3% weakening of the functional currency of each Group entity against the relevant foreign currencies, there would be an equal and opposite impact on the profit before income tax and other equity.

	US dollar impact		HK dollar impact		SG dollar impact		RMB impact	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
GROUP								
(Decrease) Increase in profit before income tax [1]	**(10,360)**	83,916	**16,073**	(588)	**3,212**	3,229	**76,738**	(6,874)
Increase in other equity	**–**	–	**–**	–	**254,919**	264,433	**50,570**	5,392
COMPANY								
Increase (Decrease) in profit before income tax	**12,121**	77,130	**(2)**	(2)	**–**	–	**23,183**	(7)

[1] In 2015, the impact excluded the foreign currency impact on RMB denominated senior notes due in 2016 as a result of the effects of adopting hedge accounting.

(ii) *Interest rate risk management*

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (v) of this Note. The Group's policy is to obtain fixed rate borrowings to reduce volatility. However, it may borrow at variable rates when considered economical to do so.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when assessing interest rate risk and represents the management's assessment of the possible change in interest rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(ii) *Interest rate risk management (Cont'd)*

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- Profit before income tax for the year ended December 31, 2016 would decrease / increase respectively by RMB114 million (2015 : decrease / increase respectively by RMB106 million). The Group's sensitivity to interest rates has increased during the current year due to the increase in the carrying amount of variable rate debt instruments.

- It is the Group's accounting policy to capitalise borrowing costs relevant to property development. Hence, the above mentioned interest rate fluctuation may not fully impact the profit in the year where interest expense is incurred and capitalised but may affect profit in future financial years.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit before income tax for the year ended December 31, 2016 would decrease / increase respectively by RMB21 million (2015 : decrease / increase respectively by RMB3 million). The Company's sensitivity to interest rates has increased during the current year due to the increase in variable rate debt instruments.

(iii) *Equity price risk management*

In 2015, the Group was exposed to equity price risk which arose from equity investment classified as held-for-trading, which was disposed during the current year.

Further details of equity investments can be found in Note 19 to the financial statements.

The management was of the view that the equity price risk was not significant for the Group due to the relatively small amount of such investments carried. Hence no price sensitivity analysis was presented.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(iv) *Credit risk management*

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. For sales of properties, sales proceeds are fully settled concurrent with delivery of properties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for non-trade amounts due from non-controlling shareholders of subsidiaries. Part of the amounts due from non-controlling interests are covered by undistributed retained earnings of the subsidiary yet to be distributed as dividends and future earnings that are expected to be distributed by the subsidiary to the non-controlling shareholders (Note 13). Information on credit risk relating to other receivables are disclosed in Note 14. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The Group's maximum exposure to credit risk comprise (i) the sum of the carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses; and (ii) credit risk relating to guarantees of approximately RMB11.495 billion (2015 : RMB7.577 billion) to banks for the benefit of the Group's customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties, as elaborated in Note 40 to the financial statements.

(v) *Liquidity risk management*

The Group maintains cash and cash equivalents, obtains external bank and other borrowings and issues senior notes with staggered repayment dates. The Group also minimises liquidity risk by keeping committed credit lines available. At December 31, 2016, the Group had available RMB9.571 billion (2015 : RMB7.124 billion) of undrawn committed bank and other credit facilities in respect of which all precedent conditions had been met.

In managing liquidity risk, the management prepares cash flow forecasts using various assumptions and monitors the cash flows of the Group.

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December 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) *Liquidity risk management (Cont'd)*

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the estimated future interest attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	More than 5 years RMB'000	Adjustments RMB'000	Total RMB'000
GROUP							
2016							
Non-interest bearing	–	8,681,336	–	1,421,698	–	–	10,103,034
Variable interest rate instruments	4.3	4,518,273	2,050,927	4,430,310	1,752,267	(1,399,794)	11,351,983
Fixed interest rate instruments	6.1	7,103,215	1,517,874	5,189,915	–	(1,285,140)	12,525,864
Total		20,302,824	3,568,801	11,041,923	1,752,267	(2,684,934)	33,980,881
2015							
Non-interest bearing	–	8,674,986	–	–	–	–	8,674,986
Variable interest rate instruments	5.3	3,503,486	3,694,800	3,119,380	1,655,170	(1,453,949)	10,518,887
Fixed interest rate instruments	8.0	3,046,906	2,867,120	2,859,275	–	(1,000,500)	7,772,801
Total		15,225,378	6,561,920	5,978,655	1,655,170	(2,454,449)	26,966,674

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) *Liquidity risk management (Cont'd)*

In 2016, the maximum amount that the Group could be obliged to settle under the financial guarantee contracts related to bank loans of buyers is RMB11.495 billion (2015 : RMB7.577 billion) (Note 40). The earliest period that the guarantees could be called is within 1 year (2015 : 1 year) from the end of the reporting period. As mentioned in Note 40, the management considers that the likelihood of these guarantees being called upon is low.

In 2016, the maximum contingent amount that the Company could be obliged to settle under the financial guarantee contracts related to senior notes issued by a subsidiary, loan facilities granted to subsidiaries and an interest-free current advance to a subsidiary is RMB6.203 billion (2015 : RMB7.400 billion) (Note 40). Out of the maximum contingent amount of RMB6.203 billion (2015 : RMB7.400 billion), RMB3.989 billion (2015 : RMB5.475 billion) is jointly guaranteed by the Company and five of its subsidiaries. The earliest period that the guarantees could be called is within 1 year (2015 : 1 year) from the end of the reporting period.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	Adjustments RMB'000	Total RMB'000
COMPANY						
2016						
Non-interest bearing	–	5,450,785	–	–	–	5,450,785
Variable interest rate instruments	3.4	1,192,943	306,485	737,584	(147,607)	2,089,405
Fixed interest rate instruments	6.8	1,968,433	–	–	(52,124)	1,916,309
Total		8,612,161	306,485	737,584	(199,731)	9,456,499
2015						
Non-interest bearing	–	3,502,405	–	–	–	3,502,405
Variable interest rate instruments	5.6	–	14,060	294,628	(43,794)	264,894
Fixed interest rate instruments	9.3	409,311	2,131,091	2,649,575	(788,785)	4,401,192
Total		3,911,716	2,145,151	2,944,203	(832,579)	8,168,491

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) *Liquidity risk management (Cont'd)*

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flows will occur in a different period.

	Weighted average effective interest rate %	On demand or within 1 year RMB'000	More than 1 year to 2 years RMB'000	More than 2 years to 5 years RMB'000	More than 5 years RMB'000	Adjustments RMB'000	Total RMB'000
GROUP							
2016							
Non-interest bearing	–	18,293,113	52,986	606,796	–	–	18,952,895
Fixed interest rate instruments	5.5	3,864,775	231,870	1,722,170	–	(564,335)	5,254,480
Total		22,157,888	284,856	2,328,966	–	(564,335)	24,207,375
2015							
Non-interest bearing	–	16,995,730	529,704	–	4,577	–	17,530,011
Fixed interest rate instruments	3.3	2,015,919	177,600	–	354,691	(196,928)	2,351,282
Total		19,011,649	707,304	–	359,268	(196,928)	19,881,293

In 2016 and 2015, the Company's non-derivative financial assets are mainly non-interest bearing with expected maturity within a year.

Derivative financial instruments

The Group's derivative financial liabilities in 2015 comprised cross currency swaps amounting to RMB145 million, which was derecognised upon redemption of senior note during the year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(vi) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets / (liabilities)	Fair value as at 2016 RMB'000	Fair value as at 2015 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
GROUP						
Put liability to acquire non-controlling interests	**(1,421,698)**	–	Level 3	Discounted cash flow. Future cash flows are estimated based on the present value of expected payment, discounted using the entity's cost of debt. The expected payment is determined by considering the fair value at the time of exit	Cost of debt with tenure of 2-3 years at 10%	A slight increase in the cost of debt used in isolation will result in a decrease in the fair value [1]
Held-for-trading investment	–	19,510	Level 1	Quoted bid prices in an active market	N/A	N/A
Cross currency swaps	–	(145,236)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A

(1) A 100 basis point increase / decrease in cost of debt used as discount rate while holding all other variables constant would decrease / increase the carrying amount of put liability to acquire non-controlling interests by RMB26 million (2015 : RMB Nil).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(vi) Fair value of financial assets and financial liabilities (Cont'd)

The Company had no financial assets or liabilities carried at fair value in 2016 and 2015.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values:

	2016		2015	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
GROUP				
Financial Liabilities				
Senior notes	**1,916,309**	**1,941,494**	6,268,301	6,443,632
COMPANY				
Financial Liabilities				
Senior notes	**1,916,309**	**1,941,494**	4,401,192	4,577,249

	Fair value hierarchy			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
GROUP				
2016				
Financial Liabilities				
Senior notes	–	1,941,494	–	1,941,494
2015				
Financial Liabilities				
Senior notes	–	6,443,632	–	6,443,632

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(vi) Fair value of financial assets and financial liabilities (Cont'd)

	Fair value hierarchy			
	Level 1 RMB'000	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
COMPANY				
2016				
Financial Liabilities				
Senior notes	–	1,941,494	–	1,941,494
2015				
Financial Liabilities				
Senior notes	–	4,577,249	–	4,577,249

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as total debt less cash and cash equivalents divided by equity. Total debt include bank and other borrowings, senior notes and certain non-trade amounts due to non-controlling shareholders of subsidiaries and ultimate holding company. Equity for this purpose comprises equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits, as well as non-controlling interests as shown in the consolidated statement of financial position.

The net debt to equity ratios as at December 31, 2016 and 2015 were as follows:

	GROUP	
	2016 RMB'000	**2015 RMB'000**
Total debt	**23,675,021**	18,387,793
Cash and cash equivalents	**(17,583,383)**	(17,516,991)
Net debt	**6,091,638**	870,802
Equity	**30,009,556**	30,534,454
Net debt to equity ratio	**20.3%**	2.9%

The Group's overall strategy remains unchanged from 2015. In addition, the Group also specifically monitors the financial ratios of its debt covenants stated in the agreements in respect of senior notes issued by the Company and its subsidiary and borrowings with the financial institutions providing the facilities to the Group.

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5 ULTIMATE HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Yanlord Holdings Pte. Ltd., incorporated in the Republic of Singapore, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group and the Company entered into the following transactions with its ultimate holding company:

	GROUP AND COMPANY	
	2016 RMB'000	2015 RMB'000
Interest expense to ultimate holding company (Note 30)	**560**	1,883

Non-trade amount due to the ultimate holding company amounting to RMB422 million and RMB250 million (2015 : RMB Nil) bears floating interest rates at the Bank's cost of funds or SWAP offer rate plus 1.5% per annum, and the Bank's cost of funds or SWAP offer rate plus 1.1% per annum respectively. The balances are unsecured and repayable on demand.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transactions with related parties:

	GROUP	
	2016 RMB'000	2015 RMB'000
Sale of properties to key management personnel and close members of their families	**(15,421)**	(69,423)
Interest income from associates	**(27,067)**	–
Interest income from joint ventures	**(50,805)**	(17,437)
Other income from an associate	**(18)**	–
Other income from joint ventures	**(7,958)**	(4,548)
Rental expenses to a director and a company in which the director has control over	**9,855**	9,292

6 OTHER RELATED PARTY TRANSACTIONS (Cont'd)

At the end of the reporting period, the Group has outstanding commitments of RMB13 million (2015 : RMB22 million) to a director and a company in which the director has control over, under non-cancellable operating leases in respect of land and buildings for its office premises and staff accommodation. As at December 31, 2015, the Group had contracted with a joint venture for future minimum lease receipts of RMB1 million. The lease with a joint venture has expired during the year.

At the end of the reporting period, the Group has pre-sales of properties totaling RMB47 million (2015 : RMB19 million) to key management and close members of their families. As at December 31, 2016, advances amounting to RMB Nil (2015 : RMB50,000) and RMB47 million (2015 : RMB9 million) have been received from a director as well as key management and close members of their families respectively in relation to the pre-sales of properties.

As at December 31, 2016, a bank loan of the Company amounting to RMB203 million (2015 : RMB265 million) drawn for general working capital of the Group is secured by a legal charge extended by the Company's ultimate holding company and a personal guarantee from a director.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	GROUP	
	2016	**2015**
	RMB'000	**RMB'000**
Short-term benefits	**81,444**	54,815
Post-employment benefits	**990**	857
	82,434	55,672

7 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Construction-in-progress RMB'000	Total RMB'000
GROUP					
Cost:					
At January 1, 2015	302,001	77,577	150,079	732,996	1,262,653
Additions	13,748	6,608	11,717	478,621	510,694
Transfer from properties under development for sale	19,512	–	–	–	19,512
Disposals	–	(6,749)	(1,595)	–	(8,344)
Exchange difference	–	24	35	–	59
At December 31, 2015	335,261	77,460	160,236	1,211,617	1,784,574
Additions	4,720	6,487	11,412	360,292	382,911
Transfer to properties under development for sale	–	–	–	(61,889)	(61,889)
Disposals	(15,671)	(1,626)	(4,201)	–	(21,498)
Acquisition of a subsidiary (Note 36)	–	–	14	–	14
Change of control as subsidiaries to associates (Note 37)	–	(1,797)	(2,613)	–	(4,410)
Exchange difference	–	27	40	–	67
At December 31, 2016	324,310	80,551	164,888	1,510,020	2,079,769
Accumulated depreciation:					
At January 1, 2015	44,485	52,010	108,668	–	205,163
Depreciation for the year	13,761	7,798	15,657	–	37,216
Eliminated on disposals	–	(5,955)	(1,445)	–	(7,400)
Exchange difference	–	24	24	–	48
At December 31, 2015	58,246	53,877	122,904	–	235,027
Depreciation for the year	11,813	7,718	14,744	–	34,275
Eliminated on disposals	(1,662)	(1,368)	(3,632)	–	(6,662)
Change of control as subsidiaries to associates (Note 37)	–	(1,103)	(1,296)	–	(2,399)
Exchange difference	–	28	33	–	61
At December 31, 2016	68,397	59,152	132,753	–	260,302
Carrying amount:					
At end of year	255,913	21,399	32,135	1,510,020	1,819,467
At beginning of year	277,015	23,583	37,332	1,211,617	1,549,547

In 2016, depreciation for the year includes an amount of RMB2 million (2015 : RMB2 million) capitalised in the Group's properties for development and properties under development for sale. The carrying amount of construction-in-progress pledged to banks and other lenders to secure bank and other borrowings is disclosed in Note 24.

8 INVESTMENT PROPERTIES

	GROUP	
	2016 RMB'000	2015 RMB'000
At fair value:		
Balance as at beginning of year	**11,566,890**	10,244,250
Additions	**1,608,985**	207,367
Transfer from properties under development for sale	**50,162**	223,535
Transfer from completed properties for sale	**134,777**	16,504
Change in fair value (Notes 29 and 32)	**366,090**	919,865
Disposals	**(32,348)**	(44,631)
Balance as at end of year	**13,694,556**	11,566,890

These include the following related to investment properties classified under Level 3 of the fair value hierarchy:

Gain from fair value adjustment included in profit or loss	**366,090**	919,865

The fair value of investment properties at December 31, 2016 and 2015 have been determined on the basis of valuations carried out at the respective year end dates by an independent valuer having recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the direct comparison approach that reflects recent transaction prices or current asking prices for similar properties, the income capitalisation approach where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood and the residual approach whereby the fair value is determined by taking into consideration the projected total development value, costs incurred, expected cost to completion and developer's profit. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the Group's investment properties and information about the fair value hierarchy as at December 31, 2016 and 2015 are as follows:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value as at December 31 RMB'000
GROUP				
2016				
Investment properties located in the PRC	–	–	13,694,556	13,694,556
2015				
Investment properties located in the PRC	–	–	11,566,890	11,566,890

8 INVESTMENT PROPERTIES (Cont'd)

There were no transfers between the respective levels during the year.

The following table shows the significant unobservable inputs used in the valuation model:

Description	Fair value as at December 31 RMB'000	Valuation technique(s)	Significant unobservable input(s)	Range
2016				
Completed investment properties	11,404,700 [1]	Direct comparison approach	price per square meter [2]	RMB14,643 – RMB47,543
		Income capitalisation approach	market rent per square meter per month [2]	RMB30 – RMB412
			capitalisation rate [3]	3.8% – 9.0%
Car parking spaces	551,856	Direct comparison approach	price per unit [2]	RMB66,190 – RMB256,000
Investment properties under construction	1,738,000	Residual approach	price per square meter [2]	RMB27,053 – RMB42,184
2015				
Completed investment properties	9,188,300 [1]	Direct comparison approach	price per square meter [2]	RMB15,058 – RMB46,463
		Income capitalisation approach	market rent per square meter per month [2]	RMB30 – RMB419
			capitalisation rate [3]	5.8% – 12.0%
Car parking spaces	404,590	Direct comparison approach	price per unit [2]	RMB64,672 – RMB256,000
Investment properties under construction	1,974,000	Residual approach	price per square meter [2]	RMB26,112 – RMB38,842

(1) Out of the completed investment properties, some of the properties were based on either the Direct Comparison Approach ("DCA"), or the Income Capitalisation Approach ("ICA"), and the other properties were based on the combined approach of DCA and ICA.

(2) Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

(3) Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

8 INVESTMENT PROPERTIES (Cont'd)

The carrying amounts of investment properties pledged to banks to secure the bank and other borrowings granted to the Group are disclosed in Note 24.

The rental income earned by the Group from its investment properties amounted to RMB330 million (2015 : RMB369 million). Direct operating expenses arising on the investment properties in the year amounted to RMB4 million (2015 : RMB5 million).

9 PROPERTIES FOR DEVELOPMENT / COMPLETED PROPERTIES FOR SALE / PROPERTIES UNDER DEVELOPMENT FOR SALE

	GROUP	
	2016 RMB'000	2015 RMB'000
At cost:		
Properties for development (Non-current assets)	**2,792,938**	4,115,661
Completed properties for sale (Current assets)	**4,704,316**	7,269,346
Properties under development for sale (Current assets)	**38,214,800**	31,287,170
	45,712,054	42,672,177

Properties for development, completed properties for sale and properties under development for sale are located in the PRC.

Up to the end of the reporting period, total interest capitalised is as follows:

	GROUP	
	2016 RMB'000	2015 RMB'000
Properties for development	**301,986**	126,171
Completed properties for sale	**269,961**	482,207
Properties under development for sale	**2,100,562**	2,227,690

The carrying amounts of properties pledged to banks and other lenders to secure bank and other borrowings granted to the Group are disclosed in Note 24.

10 INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2016 RMB'000	2015 RMB'000
Unquoted equity shares, at cost	**2,473,274**	2,364,026

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10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the Company's significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2016 %	**2015 %**	
Held by the Company				
Yanlord Commercial Property Investments Pte. Ltd. [(a)] 仁恒商业地产投资有限公司	Singapore	**100**	100	Investment holding
Yanlord Land Pte. Ltd. [(a)] 仁恒置地有限公司	Singapore	**100**	100	Investment holding
Yanlord Land (HK) Co., Ltd. [(b)] 仁恒地产(香港)有限公司	Hong Kong	**100**	100	Management service
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Palovale Pte Ltd [(a)] 柏龙威有限公司	Singapore	**67**	67	Investment holding
Yanlord Property Pte. Ltd. [(a)] 仁恒地产有限公司	Singapore	**60**	60	Investment holding
Yanlord Real Estate Pte. Ltd. [(a)] 仁恒置业发展有限公司	Singapore	**95**	95	Investment holding
East Hero Investment Ltd. [(b)] 东亨投资有限公司	Hong Kong	**100**	100	Investment holding
Successful Global Consultancy Co., Ltd. [(b)] 成顺环球咨询有限公司	Hong Kong	**100**	100	Management service
Chengdu Everrising Asset Management Co., Ltd. [(b)] 成都市恒业东升资产经营管理有限公司	PRC	**51**	51	Property development and investment
Chengdu Yanlord Investment Management Co., Ltd. [(b)] 成都仁恒投资管理有限公司	PRC	**100**	100	Management service and investment
Chengdu Yanlord Property Management Co., Ltd. [(b)] 成都仁恒物业管理有限公司	PRC	**100**	100	Property management
Xinfu Trade (Chengdu) Co., Ltd. [(b)] 信富商贸(成都)有限公司	PRC	**100**	100	Investment holding

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2016 %	2015 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Yanlord Hotel Management (Chengdu) Co., Ltd. (b) 仁恒酒店管理(成都)有限公司	PRC	**100**	100	Hotel and serviced apartment management
Yanlord Land (Chengdu) Co., Ltd. (b) 仁恒置地(成都)有限公司	PRC	**100**	100	Property development
Yanlord Real Estate (Chengdu) Co., Ltd. (b) 仁恒置业(成都)有限公司	PRC	**70**	70	Property development and management
Guiyang Yanlord Property Management Co., Ltd. (b) 貴阳仁恒物业管理有限公司	PRC	**100**	100	Property management
Sino-Singapore Yanlord (Haimen) Yangtze Eco Hi-Tech City Co., Ltd. (1) (b) 中新仁恒(海门)长江生态科技城有限公司	PRC	**–**	55	Investment holding
Sino-Singapore Yanlord Haimen Yangtze Eco Hi-Tech City Investment and Development Co., Ltd. (1) (b) 中新仁恒海门长江生态科技城投资发展有限公司	PRC	**–**	55	Property development
Lhasa Xinfu Trading Co., Ltd. (b) 拉萨信富商贸有限公司	PRC	**100**	100	Trading of building materials and hardware
Nanjing Daji Real Estate Development Co., Ltd. (2) (b) 南京大吉房地产开发有限公司	PRC	**51**	–	Property development
Nanjing Renyuan Investment Co., Ltd. (b) 南京仁远投资有限公司	PRC	**100**	100	Management service and investment
Nanjing Yanlord Commercial Management Co., Ltd. (b) 南京仁恒商业管理有限公司	PRC	**60**	60	Property development and investment
Nanjing Yanlord Cultural Tourism Industry Development Co., Ltd. (3) (b) 南京仁恒文化旅游产业发展有限公司	PRC	**100**	100	Tourism investment and asset management
Nanjing Yanlord Hotel Management Co., Ltd. (b) 南京仁恒酒店管理有限公司	PRC	**100**	100	Hotel and serviced apartment management
Nanjing Yanlord Jiangdao Real Estate Co., Ltd. (4) (b) 南京仁恒江岛置业有限公司	PRC	**100**	–	Property development

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10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2016 %	2015 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Nanjing Yanlord Jiangzhou Property Development Co., Ltd. [(b)] 南京仁恒江洲房地产开发有限公司	PRC	**100**	100	Property development and management
Nanjing Yanlord Property Management Co., Ltd. [(b)] 南京仁恒物业管理有限公司	PRC	**100**	100	Property management
Nanjing Yanlord Real Estate Co., Ltd. [(b)] 南京仁恒置业有限公司	PRC	**60**	60	Property development
Nanjing Yu Dian Landscape Development Co., Ltd. [(b)] 南京御典园林发展有限公司	PRC	**100**	100	Landscaping and gardening
Yanlord Investment (Nanjing) Co., Ltd. [(b)] 仁恒投资(南京)有限公司	PRC	**100**	100	Investment holding
Yanlord Land (Nantong) Co., Ltd. [(b)] 仁恒置地(南通)有限公司	PRC	**60**	60	Property development
Shenzhen Hengming Commercial Co., Ltd. [(2) (b)] 深圳市恒明商业有限公司	PRC	**100**	–	Property development
Shenzhen Huarong Innovation Investment Co., Ltd. [(2) (b)] 深圳市华融创新投资股份有限公司	PRC	**100**	–	Property development
Shenzhen Long Wei Xin Investment Co., Ltd. [(b)] 深圳市龙威信投资实业有限公司	PRC	**75**	75	Property development
Shenzhen Yanlord Property Management Co., Ltd. [(b)] 深圳市仁恒物业管理有限公司	PRC	**100**	100	Property management
Yanlord Land (Shenzhen) Co., Ltd. [(b)] 仁恒置地(深圳)有限公司	PRC	**100**	100	Property development and management
Yanlord (Shenzhen) Hotel Management Co., Ltd. [(4) (b)] 仁恒(深圳)酒店管理有限公司	PRC	**100**	–	Hotel Management
Yanlord (Shenzhen) Investment Management Co., Ltd. [(2) (b)] 仁恒(深圳)投资实业有限公司	PRC	**100**	–	Investment holding

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2016 %	2015 %	
<u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u>				
Shanghai Gusheng Construction Intelligent Engineering Co., Ltd. (b) 上海固盛建筑智能化工程有限公司	PRC	**60**	60	Construction engineering
Shanghai Hong Ming Ge Food & Beverage Service Management Co., Ltd. (b) 上海宏名阁餐饮服务管理有限公司	PRC	**60**	60	Restaurant operation
Shanghai Pudong New District Private Yanlord Kindergarten (5) (b) 上海市浦东新区民办仁恒幼儿园	PRC	**50**	50	Kindergarten operation
Shanghai Renan Property Development Co., Ltd. (4) (b) 上海仁安房地产开发有限公司	PRC	**100**	–	Property development
Shanghai Renjie Hebin Garden Property Co., Ltd. (b) 上海仁杰河滨园房地产有限公司	PRC	**51**	51	Property development
Shanghai Renpin Property Development Co., Ltd. (6) (b) 上海仁品房地产开发有限公司	PRC	**50**	50	Property development and management
Shanghai Yanlord Education Training Co., Ltd. (4) (b) 上海仁恒教育培训有限公司	PRC	**100**	–	Education and training
Shanghai Yanlord Elevator Co., Ltd. (b) 上海仁恒电梯有限公司	PRC	**100**	100	Sale, installation, repair and maintenance of elevators
Shanghai Yanlord Gaoqiao Property Co., Ltd. (5) (b) 上海仁恒高乔房地产有限公司	PRC	**50**	50	Property development
Shanghai Yanlord Hongqiao Property Co., Ltd. (b) 上海仁恒虹桥房地产有限公司	PRC	**60**	60	Property development and management
Shanghai Yanlord Industrial Development Co., Ltd. (4) (b) 上海仁恒实业发展有限公司	PRC	**100**	–	Management service and investment
Shanghai Yanlord Investment Management Co., Ltd. (b) 上海仁恒投资管理有限公司	PRC	**100**	100	Management service and investment

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10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2016 %	2015 %	
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Shanghai Yanlord Property Co., Ltd. (b) 上海仁恒房地产有限公司	PRC	**67**	67	Property development
Shanghai Yanlord Property Management Co., Ltd. (b) 上海仁恒物业管理有限公司	PRC	**67**	67	Property management
Shanghai Yanlord Real Estate Co., Ltd. (b) 上海仁恒置业发展有限公司	PRC	**57**	57	Property development
Shanghai Yanlord Senlan Real Estate Co., Ltd. (b) 上海仁恒森兰置业有限公司	PRC	**60**	60	Property development
Shanghai Yanlord Xing Tang Real Estate Co., Ltd. (b) 上海仁恒兴唐置业有限公司	PRC	**100**	100	Property development and management
Shanghai Yanlord Yangpu Property Co., Ltd. (b) 上海仁恒杨浦房地产有限公司	PRC	**100**	100	Property development
Shanghai Zhongting Property Development Co., Ltd. (b) 上海中庭房地产开发有限公司	PRC	**100**	100	Property development
Yanlord Equity Investment Management (Shanghai) Co., Ltd. (b) 仁恒股权投资管理(上海)有限公司	PRC	**100**	100	Investment management
Yanlord Land Investment Management (Shanghai) Co., Ltd. (b) 仁恒置地投资管理(上海)有限公司	PRC	**100**	100	Management service
Yanlord Property Service Management (China) Co., Ltd. (b) 仁恒物业服务管理(中国)有限公司	PRC	**100**	100	Property and investment management
Sanya Yanlord Real Estate Co., Ltd. (b) 三亚仁恒置业有限公司	PRC	**100**	100	Property development and management
Sanya Yanlord Travel Service Co., Ltd. (4) (b) 三亚仁恒旅行社有限公司	PRC	**100**	–	Tourism and travel services
Suzhou Peninsula Yanlord Real Estate Co., Ltd. (4) (b) 苏州星岛仁恒置业有限公司	PRC	**100**	–	Property development

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held		Principal activities
		2016 %	2015 %	
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Suzhou Renan Real Estate Co., Ltd. (2) (6) (b) 苏州仁安置业有限公司	PRC	**30**	–	Property development
Suzhou Renyuan Real Estate Co., Ltd. (4) (b) 苏州仁远置业有限公司	PRC	**100**	–	Property development
Suzhou Yinghan Property Development Co., Ltd. (b) 苏州鹰汉房地产开发有限公司	PRC	**100**	100	Property development
Suzhou Zhonghui Property Development Co., Ltd. (b) 苏州中辉房地产开发有限公司	PRC	**100**	100	Property development
Yanlord Property Development (Suzhou) Co., Ltd. (b) 仁恒置业(苏州)有限公司	PRC	**100**	100	Property development and management
Yanlord Property (Suzhou) Co., Ltd. (b) 仁恒地产(苏州)有限公司	PRC	**60**	60	Property development
Tangshan Yanlord Property Management Co., Ltd. (b) 唐山仁恒物业服务有限公司	PRC	**100**	100	Property management
Tianjin Yanlord Beiyang Real Estate Co., Ltd. (b) 天津仁恒北洋置业有限公司	PRC	**60**	60	Property development and management
Tianjin Yanlord Fitness Services Co., Ltd. (4) (b) 天津仁恒健身服务有限公司	PRC	**100**	–	Leisure and fitness
Tianjin Yanlord Garden Co., Ltd. (b) 天津仁恒园林有限公司	PRC	**100**	100	Landscaping and gardening
Tianjin Yanlord Haihe Development Co., Ltd. (b) 天津仁恒海河开发有限公司	PRC	**80**	80	Property development
Tianjin Yanlord Hehai Real Estate Co., Ltd. (4) (b) 天津仁恒和海置业有限公司	PRC	**100**	–	Property development
Tianjin Yanlord Property Management Co., Ltd. (b) 天津仁恒物业服务有限公司	PRC	**100**	100	Property management

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10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of subsidiary	Country of incorporation (or residence)	Proportion of ownership interest and voting power held 2016 %	2015 %	Principal activities
Held by Yanlord Land Pte. Ltd. and its subsidiaries				
Yanlord Development (Tianjin) Co., Ltd. [(b)] 仁恒发展(天津)有限公司	PRC	**100**	100	Property development
Zhuhai Renyuan Investment Co., Ltd. [(4) (b)] 珠海仁远投资有限公司	PRC	**90**	–	Management service and investment
Zhuhai Renyuan Land Co., Ltd. [(4) (b)] 珠海市仁远置地有限公司	PRC	**100**	–	Property development
Zhuhai Yanlord Commercial Operation and Management Co., Ltd. [(b)] 珠海仁恒商业经营管理有限公司	PRC	**90**	90	Management service and investment
Zhuhai Yanlord Heyou Land Co., Ltd. [(b)] 珠海仁恒和由置地有限公司	PRC	**57**	57	Property development and management
Zhuhai Yanlord Industrial Ltd. [(b)] 珠海仁恒实业有限公司	PRC	**95**	95	Property development
Zhuhai Yanlord Property Management Co., Ltd. [(b)] 珠海仁恒物业管理有限公司	PRC	**100**	90	Property management
Zhuhai Yanlord Real Estate Development Co., Ltd. [(b)] 珠海仁恒置业发展有限公司	PRC	**90**	90	Property development
Zhongshan Renyuan Investment Co., Ltd. [(2) (b)] 中山仁远投资有限公司	PRC	**100**	–	Investment holding
Zhongshan Renyuan Real Estate Co., Ltd. [(2) (b)] 中山仁远置业有限公司	PRC	**100**	–	Investment holding

(1) As a result of change of articles of association, the Group lost control and reclassified the entities from subsidiaries to associates during the year (Note 37).
(2) Acquired during the year (Note 36).
(3) Formerly known as Nanjing Yanlord Tourism Development Co., Ltd. 南京仁恒旅游发展有限公司.
(4) Incorporated during the year.
(5) The proportion of ownership interest and voting power held by the Group is 50.2%.
(6) Although the Group does not effectively own more than 50% of the equity shares of these entities, it has sufficiently dominant voting right and power to direct the relevant activities of these entities and therefore the Group has unilateral control over these entities and hence regards these entities as subsidiaries.

Notes on auditors

(a) Audited by Deloitte & Touche LLP, Singapore.
(b) Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shanghai, PRC for consolidation purposes.

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

The following schedule shows the effects of changes in the group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent:

	GROUP	
	2016 RMB'000	2015 RMB'000
Amount paid on change of interest in a subsidiary	**2,500**	–
Non-controlling interests acquired	**(2,397)**	(34)
Difference recognised in other reserve	**103**	(34)

Details of non wholly-owned subsidiaries that have material non-controlling interests to the Group are disclosed below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit attributable to non-controlling interests		Accumulated non-controlling interests	
		2016 %	2015 %	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Nanjing Yanlord Real Estate Co., Ltd. 南京仁恒置业有限公司	PRC	**40**	40	**560,703**	205,806	**902,140**	1,025,408
Shanghai Yanlord Hongqiao Property Co., Ltd. 上海仁恒虹桥房地产有限公司	PRC	**40**	40	**177,768**	104,304 (1)	**1,760,586**	1,620,305 (1)
Shanghai Yanlord Senlan Real Estate Co., Ltd. 上海仁恒森兰置业有限公司	PRC	**40**	40	**180,718** (2)	224,942	**1,022,438** (2)	1,535,926
Individually immaterial subsidiaries with non-controlling interests				**360,648**	366,832	**5,277,598**	6,017,746
				1,279,837	901,884	**8,962,762**	10,199,385

(1) Represents comparative figures of 2016 for non wholly-owned subsidiary that has material non-controlling interest to the Group in the current year.

(2) Represents comparative figures of 2015 for non wholly-owned subsidiary that has material non-controlling interest to the Group in the prior year.

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Nanjing Yanlord Real Estate Co., Ltd. 南京仁恒置业有限公司		Shanghai Yanlord Hongqiao Property Co., Ltd. 上海仁恒虹桥房地产有限公司		Shanghai Yanlord Senlan Real Estate Co., Ltd. 上海仁恒森兰置业有限公司	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Non-current assets	**3,901**	4,874	**43,326**	877	**327,373**	374,379
Current assets	**6,590,099**	6,824,173	**6,266,416**	6,454,037	**3,011,131**	4,421,655
Non-current liabilities	**–**	–	**–**	–	**(3,366)**	(3,016)
Current liabilities	**(4,338,650)**	(4,265,528)	**(1,908,276)**	(2,404,151)	**(779,042)**	(953,204)
Total equity	**2,255,350**	2,563,519	**4,401,466**	4,050,763	**2,556,096**	3,839,814
Equity attributable to:						
Owners of the Company	**1,353,210**	1,538,111	**2,640,880**	2,430,458	**1,533,658**	2,303,888
Non-controlling interests	**902,140**	1,025,408	**1,760,586**	1,620,305	**1,022,438**	1,535,926
Revenue	**4,303,934**	1,893,104	**2,274,444**	1,900,006	**2,009,066**	2,989,807
Profit for the year, representing total comprehensive income for the year	**1,401,757**	514,514	**444,419**	260,760	**451,796**	562,356
Total comprehensive income attributable to:						
Owners of the Company	**841,054**	308,708	**266,651**	156,456	**271,078**	337,414
Non-controlling interests	**560,703**	205,806	**177,768**	104,304	**180,718**	224,942
Net cash inflow (outflow) from:						
– Operating activities	**2,373,924**	2,257,018	**2,160,647**	1,953,132	**1,581,627**	2,167,918
– Investing activities	**(2,627,016)**	614,409	**(821,796)**	(660,284)	**(1,723,455)**	23,688
– Financing activities [1]	**(1,709,926)**	(909,903)	**(1,358,116)**	(17,000)	**(1,731,205)**	(711,063)
Net cash (outflow) inflow	**(1,963,018)**	1,961,524	**(19,265)**	1,275,848	**(1,873,033)**	1,480,543
[1] Including dividend paid to non-controlling interests	**–**	–	**–**	–	**(207,295)**	(194,204)

11 INVESTMENTS IN ASSOCIATES

	GROUP	
	2016 RMB'000	2015 RMB'000
Cost of investments in associates	**630,076**	2,441
Share of post-acquisition loss	**(14,231)**	(2,441)
Group's share of unrealised income from associates	**(5,482)**	–
	610,363	–
Non-trade amount due from associates (Current assets) (Note 6)	**1,176,327**	434

Aggregate information of the Group's associates that are not individually material

The Group's share of the associates loss from continuing operations and total comprehensive income for the year are RMB12 million (2015 : RMB Nil). The Group discontinues recognising further losses when the Group's share of loss of associates exceeds its interest in the associates. The Group's share of unrecognised losses of an associate for the financial year and the accumulated losses at the end of the reporting period amounted to RMB298,000 (2015 : RMB17,000) and RMB403,000 (2015 : RMB105,000) respectively. The aggregate carrying amount of the Group's interests in associates as at December 31, 2016 and 2015 is RMB610 million and RMB Nil respectively.

12 INVESTMENTS IN JOINT VENTURES

	GROUP	
	2016 RMB'000	2015 RMB'000
Cost of investments in joint ventures	**1,006,592**	892,433
Deemed investment in a joint venture	**113,244**	127,847
Share of post-acquisition profit	**80,363**	73,264
	1,200,199	1,093,544
Non-trade amounts due from joint ventures		
– Non-current assets (Note 6)	**1,202,561**	–
– Current assets (Note 6)	**207,750**	522,372

Amounts due from joint ventures are interest-free, unsecured and repayable on demand except for the following:

a) Amount of RMB217 million (2015 : RMB Nil) which bears interest at 6.25% per annum, is unsecured and repayable within 5 years from the end of the reporting period.

b) Amount of RMB197 million (2015 : RMB Nil) which bears interest at 9.00% per annum, is unsecured and repayable within 2 years from the end of the reporting period.

c) Amount of RMB736 million (2015 : RMB Nil) which bears interest at 9.00% per annum, is unsecured and repayable within 3 years from the end of the reporting period.

d) Amount of RMB200 million (2015 : RMB Nil) which bears interest at 9.00% per annum, is unsecured and repayable within 1 year from the end of the reporting period.

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12 INVESTMENTS IN JOINT VENTURES (Cont'd)

Aggregate information of the Group's joint ventures that are not individually material

	GROUP	
	2016 RMB'000	2015 RMB'000
Group's share of profit (loss) from continuing operations, representing its share of total comprehensive income (expense) for the year	**7,099**	(29,260)
Aggregate carrying amount of the Group's interests in these joint ventures	**1,200,199**	1,093,544

13 NON-TRADE AMOUNTS DUE FROM / TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

Amounts due from non-controlling shareholders of subsidiaries are interest-free, unsecured and repayable on demand except for the following:

a) Amounts of RMB60 million and RMB33 million (2015 : RMB53 million and RMB31 million) which bear interest at 5.0% and 4.4% per annum (2015 : 5.0% and 5.6% per annum) respectively and are secured by the non-controlling shareholder's shares in a subsidiary and undistributed retained earnings of a subsidiary yet to be distributed as dividends to the non-controlling shareholder of that subsidiary. The amount is repayable on demand in 2016 and 2015.

b) Amount of RMB253 million (2015 : RMB229 million) which bears interest at 10.6% per annum (2015 : 10.6% per annum), is secured by expected future earnings that will be distributed by a subsidiary to the non-controlling shareholders of that subsidiary and repayable on demand (2015 : repayable within 5 years).

c) Amount of RMB200 million (2015 : RMB Nil) which bears interest at the People's Bank of China's benchmark rate upon repayment, unsecured and repayable within 4 years from the end of the reporting period.

d) Amount of RMB150 million (2015 : RMB150 million) which bears interest at 7.0% per annum (2015 : 7.0% per annum), is unsecured and repayable within 1 year from the end of the reporting period (2015 : repayable within 2 years).

e) As at December 31, 2015, amount of RMB4 million which was secured by expected future earnings that will be distributed by a subsidiary to the non-controlling shareholders of that subsidiary and repayable within 5 years from the end of the reporting period.

f) Amount of RMB803 million (2015 : RMB Nil) which bears interest at the People's Bank of China's benchmark rate (2015 : Nil%), unsecured and repayable within 1 year from the end of the reporting period.

As at December 31, 2016, current amounts due to non-controlling shareholders of subsidiaries are interest-free, unsecured and repayable on demand except for amount of RMB203 million which bears interest at 10.0% per annum.

As at December 31, 2016, non-current amount due to a non-controlling shareholder of subsidiary is unsecured, bears interest at 10.0% per annum and repayable within 3 years from the end of the reporting period.

13 NON-TRADE AMOUNTS DUE FROM / TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES (Cont'd)

As at December 31, 2015, current amounts due to non-controlling shareholders of subsidiaries are interest-free, unsecured and repayable on demand except for amount of RMB96 million which was guaranteed by the Company as well as amount of RMB30 million which bore interest at 4.6% per annum and repayable within 1 year from the end of the reporting period.

14 OTHER RECEIVABLES AND DEPOSITS

	GROUP		COMPANY	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Advances to suppliers	**86,901**	11,892	**–**	–
Deposits for projects	**3,871,844**	1,590,711	**–**	–
Staff loans	**11,708**	14,727	**–**	–
Prepayments	**5,998**	11,290	**4**	1
Value added tax ("VAT") prepayment	**246,183**	–	**–**	–
Sales-related tax prepayment	**559,444**	440,744	**–**	–
Interest receivables	**–**	11,511	**–**	–
Payments for resettlement [(1)]	**600,319**	529,704	**–**	–
Other receivables	**394,691**	538,797	**–**	–
	5,777,088	3,149,376	**4**	1
Analysed as:				
Current	**4,903,935**	2,619,672	**4**	1
Non-current	**873,153**	529,704	**–**	–
	5,777,088	3,149,376	**4**	1

(1) This relates to payments for resettlement of land parcel in Chengdu.

The management considers the credit risk on other receivables and deposits to be limited because the counterparties are government agents or third parties with long business relationships with the Group.

15 INTANGIBLE ASSET

	GROUP	
	2016 RMB'000	2015 RMB'000
Club membership	**613**	613

At December 31, 2016 and 2015, the management assessed the marketable value of the club membership and determined that it was in excess of its carrying amount.

16 DEFERRED TAXATION

	GROUP	
	2016 RMB'000	2015 RMB'000
Deferred tax assets	**444,061**	501,444
Deferred tax liabilities	**(2,243,610)**	(1,959,037)
	(1,799,549)	(1,457,593)

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

	Revaluation of investment properties RMB'000	Accelerated tax depreciation and excess of tax deductible expenses RMB'000	Withholding tax RMB'000	Tax losses RMB'000	Unpaid development costs and others RMB'000	Total RMB'000
GROUP						
At January 1, 2015	(1,519,681)	42,769	(128,422)	224,620	102,951	(1,277,763)
(Charge) Credit to profit or loss for the year (Note 31)	(271,107)	41,795	(111,158)	88,635	356	(251,479)
Transfer to income tax payable	–	–	71,331	–	–	71,331
Exchange difference	–	–	–	318	–	318
At December 31, 2015	(1,790,788)	84,564	(168,249)	313,573	103,307	(1,457,593)
(Charge) Credit to profit or loss for the year (Note 31)	(134,861)	8,839	(227,457)	(54,765)	(1,910)	(410,754)
Transfer to (from) income tax payable	–	–	77,745	(6,374)	–	71,371
Change of control as subsidiaries to associates	–	(190)	–	(4,416)	–	(4,606)
Exchange difference	–	–	–	1,433	–	1,433
At December 31, 2016	(1,925,649)	93,213	(317,961)	249,451	101,397	(1,799,549)

Pursuant to PRC and Hong Kong tax regulations, at the end of the reporting period, the Group has unutilised tax losses of RMB1.249 billion (2015 : RMB1.659 billion) available for offset against future profits. A deferred tax asset of RMB249 million (2015 : RMB314 million) has been recognised in respect of RMB1.042 billion (2015 : RMB1.301 billion) of such losses at the tax rates range from 15% to 25%. No deferred tax asset has been recognised in respect of the remaining RMB207 million (2015 : RMB358 million) due to the unpredictability of future profit streams. Tax losses may be carried forward for 5 years from the year after the losses are incurred, subject to the conditions imposed by law including the retention of majority shareholders as defined.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP	
	2016 RMB'000	2015 RMB'000
Cross currency swaps, designated in hedge accounting relationships (Current liability)	–	145,236

The Group used cross currency swaps to hedge the foreign currency risks arising from the interest and principal payments of its RMB denominated senior notes. Contracts with nominal values of RMB2 billion had fixed interest payments denominated in US dollars at 4.325% per annum and fixed interest receipts denominated in RMB at 5.375% per annum.

All of the Group's cross currency swaps were designated and effective as cash flow hedges and the fair value gain of these cross currency swaps, amounting to RMB145 million (2015 : loss of RMB147 million) had been recognised in other comprehensive income. Amount of RMB109 million (2015 : RMB117 million) had been reclassified from equity to profit or loss during the year.

The cross currency swaps were settled on a semi-annual basis and matured on May 23, 2016. All cross currency swap contracts exchanging RMB denominated interest and principal payments for US dollar denominated interest and principal payments were designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from the fluctuation of RMB against US dollar over the tenure of the senior notes. The cross currency swaps and the interest and principal payments on the senior notes occurred simultaneously and the amount recognised in other comprehensive income was reclassified from equity to profit or loss over the tenure of the senior notes.

18 PUT LIABILITY TO ACQUIRE NON-CONTROLLING INTERESTS

This represents the fair value of the put liability to acquire non-controlling interests as part of the share purchase agreement of a subsidiary. As the earliest dates for the non-controlling shareholders to exercise the non-cancellable rights to put back their shares to the Group are expected be more than two years, the obligation is recorded herewith as "non-current liabilities" as at 31 December 2016.

19 HELD-FOR-TRADING INVESTMENT

	GROUP	
	2016 RMB'000	2015 RMB'000
Quoted equity security, at fair value	–	19,510

Held-for-trading investment presented the Group with opportunities for return through dividend income and fair value gains. This investment had no fixed maturity or coupon rate. The fair value of this security was based on the closing quoted market price on the last market day of the financial year. The held-for-trading investment was disposed during the current year.

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20 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Pledged bank deposits	**520,680**	51,367	**–**	–
Cash on hand	**2,030**	1,858	**17**	30
Cash at bank	**17,002,320**	15,936,988	**21,885**	10,657
Fixed deposits	**579,033**	1,578,145	**–**	–
Cash and cash equivalents	**17,583,383**	17,516,991	**21,902**	10,687

Pledged bank deposits represent deposits pledged to banks to secure the bank and other borrowings, certain mortgage loans provided by banks to customers for the purchase of the Group's development properties and as security for construction contracts required by the PRC local authority.

21 SHARE CAPITAL

	GROUP AND COMPANY			
	2016 '000	2015 '000	2016 RMB'000	2015 RMB'000
	Number of ordinary shares			
Issued and paid up:				
At beginning and end of year	**1,948,736**	1,948,736	**7,261,726**	7,261,726

Fully paid up ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

22 TREASURY SHARES

	GROUP AND COMPANY			
	2016 '000	2015 '000	2016 RMB'000	2015 RMB'000
	Number of ordinary shares			
Repurchased during the year and at the end of the year	**7,151**	–	**47,006**	–

The Company acquired 7,150,600 (2015 : Nil) of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was RMB47 million and has been deducted from shareholders' equity. The shares are held as "treasury shares".

23 HEDGING RESERVE

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves was reclassified to profit or loss when the hedged transaction impacts the profit or loss.

Movement in hedging reserve:

	GROUP	
	2016	**2015**
	RMB'000	**RMB'000**
At January 1	**(36,361)**	(7,094)
Change in fair value of cross currency swaps	**145,236**	(146,662)
Reclassification to profit or loss	**(108,875)**	117,395
At December 31	**–**	(36,361)

The full amount of hedging reserves was reclassified to profit or loss upon maturity of the cash flow hedge.

24 BANK AND OTHER BORROWINGS

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
The bank and other borrowings are repayable as follows:				
On demand or within one year	**8,311,176**	3,971,322	**495,221**	–
More than one year but not exceeding two years	**3,252,987**	3,991,012	**282,545**	12,644
More than two years but not exceeding five years	**7,871,992**	2,803,424	**639,709**	252,250
More than five years	**1,313,500**	1,227,629	**–**	–
	20,749,655	11,993,387	**1,417,475**	264,894
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(8,311,176)**	(3,971,322)	**(495,221)**	–
Amount due for settlement after 12 months	**12,438,479**	8,022,065	**922,254**	264,894
Secured:				
– Current	**3,612,220**	3,238,630	**416,220**	–
– Non-current	**7,466,436**	3,980,732	**–**	–
	11,078,656	7,219,362	**416,220**	–
Unsecured:				
– Current	**4,698,956**	732,692	**79,001**	–
– Non-current	**4,972,043**	4,041,333	**922,254**	264,894
	9,670,999	4,774,025	**1,001,255**	264,894
	20,749,655	11,993,387	**1,417,475**	264,894

24 BANK AND OTHER BORROWINGS (Cont'd)

The following assets are pledged for the above secured bank and other borrowings and undrawn loan facilities:

	GROUP	
	2016 RMB'000	2015 RMB'000
Properties for development	**1,211,774**	–
Completed properties for sale	**–**	1,071,448
Properties under development for sale	**16,163,346**	16,279,376
Investment properties	**7,398,000**	6,911,000
Construction-in-progress	**1,505,654**	1,211,617
Bank deposits	**482,000**	–

25 SENIOR NOTES

The senior notes comprise notes issued in 2011, 2013 and 2014.

(a) The senior notes issued on March 29, 2011 ("Notes 2018") with an original maturity date on March 29, 2018, bore interest at 10.625% per annum with interest payable on March 29 and September 29 of each year, commencing on September 29, 2011. The senior notes were denominated in US dollars. During the year, the Company fully redeemed the Notes 2018 in accordance with the terms set out in the Indenture dated March 29, 2011.

(b) The senior notes issued on May 23, 2013 ("Notes 2016") matured on May 23, 2016. The senior notes bore interest at 5.375% per annum with interest payable on May 23 and November 23 of each year, commencing on November 23, 2013. The senior notes were denominated in RMB. In 2015, the Company repurchased certain amounts of Notes 2016 and the remaining outstanding balance was fully redeemed during the year in accordance with the terms set out in the Indenture dated May 23, 2013.

(c) The senior notes issued on May 8, 2014 ("Notes 2017") will mature on May 8, 2017. The senior notes bears interest at 6.2% per annum with interest payable on May 8 and November 8 of each year, commencing on November 8, 2014. Prior to the maturity of the senior notes, the Company may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. The senior notes are denominated in SG dollars.

25 SENIOR NOTES (Cont'd)

	GROUP		COMPANY	
	2016 RMB'000	**2015 RMB'000**	**2016 RMB'000**	**2015 RMB'000**
Nominal value of senior notes issued	**6,387,511**	6,193,709	**4,387,511**	4,193,709
Transaction costs [(1)]	**(101,169)**	(98,031)	**(71,033)**	(67,895)
At date of issue [(2)]	**6,286,342**	6,095,678	**4,316,478**	4,125,814
Cumulative interest accrued	**2,184,536**	1,718,992	**1,832,223**	1,417,028
Cumulative interest paid	**(2,001,064)**	(1,560,516)	**(1,678,270)**	(1,294,125)
Repurchase and redemption	**(4,660,221)**	(127,582)	**(2,660,838)**	–
Exchange difference	**124,326**	239,835	**124,326**	239,835
Total	**1,933,919**	6,366,407	**1,933,919**	4,488,552
Interest payable within one year included in other payables (Note 27)	**(17,610)**	(98,106)	**(17,610)**	(87,360)
Liability at end of year	**1,916,309**	6,268,301	**1,916,309**	4,401,192
Analysed as :				
Current	**1,916,309**	1,867,109	**1,916,309**	–
Non-current	**–**	4,401,192	**–**	4,401,192
	1,916,309	6,268,301	**1,916,309**	4,401,192

(1) Transaction costs included non-audit fees of RMB5 million (2015 : RMB5 million) paid to the auditors of the Company in connection with the issuance of senior notes of the Company (Note 32).

(2) Changes in amount at date of issue relative to the preceding year's amount include the effect of translation to the presentation currency and have been included in the currency translation reserve.

The cumulative interests accrued on Notes 2018, Notes 2016 and Notes 2017 are calculated by applying effective interest rates of 11.3% (2015 : 11.3%), 6.0% (2015 : 6.0%) and 6.8% (2015 : 6.8%) per annum respectively.

The management estimates the fair value of Notes 2017 at December 31, 2016 to be approximately RMB1.941 billion (2015 : RMB1.847 billion). This fair value is based on the price obtained from a bank's publication.

In 2011, six of its subsidiaries provided a joint guarantee in respect of Notes 2018 issued by the Company amounting to RMB2.520 billion (equivalent to US$400 million) for a term of seven years up to March 29, 2018. The joint guarantee approximated RMB2.597 billion as at the end of 2015. Additionally, shares in six of its subsidiaries were charged in favour of the global security agent and trustee of Notes 2018 as at December 31, 2015.

In 2013, the Company and five of its subsidiaries provided a joint guarantee in respect of Notes 2016 issued by a wholly-owned subsidiary of the Company amounting RMB2.000 billion for a term of three years up to May 22, 2016. The joint guarantee approximated RMB1.871 billion as at the end of 2015. Additionally, shares in five of its subsidiaries were charged in favour of the global security agent and trustee of Notes 2016 as at December 31, 2015.

In 2014, six of its subsidiaries provided a joint guarantee in respect of Notes 2017 issued by the Company amounting to RMB1.856 billion (equivalent to S$400 million) for a term of three years up to May 8, 2017. The joint guarantee approximates RMB1.920 billion (2015 : RMB1.835 billion), the equivalent of S$400 million as at the end of 2016. Additionally, shares in six of its subsidiaries are charged in favour of the global security agent and trustee of Notes 2017.

26 TRADE PAYABLES

	GROUP	
	2016 RMB'000	2015 RMB'000
Non-controlling shareholder of a subsidiary	**909,328**	1,411,435
Outside parties	**7,017,666**	6,336,090
	7,926,994	7,747,525

The average credit period for trade payables is 174 days (2015 : 173 days).

27 OTHER PAYABLES

	GROUP		COMPANY	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Advances received from customers	**23,449,697**	17,092,892	**–**	–
Accrued expenses	**64,256**	63,250	**3,380**	2,153
VAT payable	**54,587**	–	**–**	–
Sales-related tax payable	**15,812**	97,260	**–**	–
Interest payable	**46,017**	133,417	**18,357**	94,088
Other payables	**458,579**	569,637	**–**	–
	24,088,948	17,956,456	**21,737**	96,241

28 REVENUE

	GROUP	
	2016 RMB'000	2015 RMB'000
Income from property development	**24,893,558**	15,833,153
Income from property investment	**363,396**	400,547
Income from others	**407,454**	347,657
Total	**25,664,408**	16,581,357

29 OTHER OPERATING INCOME

	GROUP	
	2016 **RMB'000**	**2015** **RMB'000**
Dividend income from held-for-trading investment	**–**	93
Fair value gain on investment properties (Note 8)	**366,090**	919,865
Fair value gain on held-for-trading investment	**5,967**	4,985
Interest income	**268,270**	119,239
Net gain on disposal of property, plant and equipment	**7,135**	29
Net gain on disposal of investment properties	**7,251**	4,962
Net foreign exchange gain	**129,348**	–
Government subsidies	**13,687**	23,497
Others	**14,533**	14,994
Total	**812,281**	1,087,664

30 FINANCE COST

	GROUP	
	2016 **RMB'000**	**2015** **RMB'000**
Interest on bank and other borrowings	**886,602**	806,420
Interest on senior notes	**383,961**	489,169
Interest to ultimate holding company (Note 5)	**560**	1,883
Interest to non-controlling shareholders of subsidiaries	**208,290**	141
Total borrowing costs	**1,479,413**	1,297,613
Less: Interest capitalised in		
– properties for development	**(54,267)**	(69,558)
– properties under development for sale	**(1,053,869)**	(999,235)
– properties for development and properties under development for sale in joint venture	**(23,458)**	(21,927)
Net	**347,819**	206,893

31 INCOME TAX

	GROUP	
	2016 **RMB'000**	**2015** **RMB'000**
Current	**1,677,822**	993,344
Deferred income tax (Note 16)	**182,697**	140,321
Deferred withholding tax (Note 16)	**227,457**	111,158
Land appreciation tax ("LAT")	**1,404,605**	677,154
Under provision in prior years	**2,375**	24,713
Total	**3,494,956**	1,946,690

No provision for Singapore taxation has been made as the majority of the Group's income neither arises in, nor is derived from Singapore.

In 2016 and 2015, most of the taxation arising in the PRC is calculated at the prevailing rate of 25%.

31 INCOME TAX (Cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the above income tax rate to profit before income tax as a result of the following differences:

	GROUP	
	2016	**2015**
	RMB'000	**RMB'000**
Profit before income tax	**7,472,154**	4,317,113
Income tax expense at PRC applicable tax rate of 25%*	**1,868,039**	1,079,278
Non-deductible items	**408,916**	270,089
Non-taxable items	**(26,502)**	(23,234)
Effect of unutilised tax losses not recognised as deferred tax assets	**9,415**	87,151
Effect of different tax rates for certain subsidiaries	**8,663**	11,416
LAT	**1,404,605**	677,154
Effect of tax deduction on LAT	**(351,151)**	(169,288)
Withholding tax incurred	**227,457**	111,158
Under provision in prior years	**2,375**	24,713
Others	**(56,861)**	(121,747)
Total income tax expense	**3,494,956**	1,946,690

* These are the applicable tax rates for most of the Group's taxable profits.

Income tax for overseas subsidiaries is calculated at the rates prevailing in the respective jurisdiction.

According to a PRC tax circular of State Administration of Taxation, Guoshuihan (2008) No.112, dividend distributed out of the profits generated since January 1, 2008 held by the PRC entity to non-resident investors shall be subject to PRC withholding income tax. Deferred tax liability of RMB227 million (2015 : RMB111 million) on the undistributed earnings of the PRC subsidiaries has been charged to the consolidated statement of profit or loss of the year.

LAT

As disclosed in the prior years' audited consolidated financial statements, provision for the LAT with respect to properties sold in Shanghai Pudong New District prior to October 1, 2006 were not made as the directors of the Company, after taking into account legal advice received and consultation with the local Shanghai Pudong Tax Bureau, were of the opinion that the relevant tax authority is not likely to impose any LAT on a retrospective basis.

As at December 31, 2014, the tax settlement process for a completed project and a phase of a project with properties sold in Shanghai Pudong New District prior to October 1, 2006 had been completed, with additional LAT payments made by the Group. For the projects with properties sold in Shanghai Pudong New District subsequent to October 1, 2006, the tax settlement amount determined by the tax authorities for a phase of a project which has commenced the tax settlement process was lower than what the Group has previously provided for based on the tax laws. Management has assessed and considers that the provision for LAT made by the Group relating to the above projects for which the tax settlement process had commenced or completed was adequate to meet the tax settlement amount determined by the tax authorities.

31 INCOME TAX (Cont'd)

Management is of the view that it is not probable that the tax authority will impose further LAT tax payments on the above projects located in Shanghai Pudong New District in excess of the provision previously made by the Group. The additional LAT tax exposure in the event of future re-assessment by the tax authorities has been estimated by management to be approximately RMB597 million (2015 : RMB598 million) (before effects of deductibility for income tax assessment purpose and adjustment for non-controlling interests) as at December 31, 2016. The amount has been disclosed as part of the Group's contingent liabilities in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Note 36).

The actual Group's LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects.

32 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	GROUP	
	2016	**2015**
	RMB'000	**RMB'000**
Depreciation of property, plant and equipment	**32,085**	35,093
Employee benefits expense (including directors' remuneration):		
Retirement benefit scheme contributions	**72,024**	62,155
Salaries and other short-term benefits	**712,093**	552,599
Total employee benefits expense	**784,117**	614,754
Directors' fees	**1,916**	1,817
Directors' remuneration:		
– of the Company	**41,766**	23,253
– of the subsidiaries	**8,423**	6,949
	50,189	30,202
Fair value gain on investment properties (Note 8)	**(366,090)**	(919,865)
Fair value gain on held-for-trading investment	**(5,967)**	(4,985)
Net gain on disposal of property, plant and equipment	**(7,135)**	(29)
Net gain on disposal of investment properties	**(7,251)**	(4,962)
Net loss on disposal of held-for-trading investment	**937**	–
Net foreign exchange (gain) loss	**(129,348)**	222,759
Cost of completed properties for sale recognised as expenses	**17,194,371**	11,676,078
Audit fees:		
– paid to auditors of the Company	**4,069**	3,851
– paid to other auditors	**2,193**	1,709
Total audit fees	**6,262**	5,560
Non-audit fees:		
– paid to auditors of the Company	**525**	115
– paid to other auditors	**167**	662
Total non-audit fees	**692**	777
Aggregate amount of fees paid to auditors	**6,954**	6,337

33 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	GROUP	
	2016 RMB'000	2015 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**2,697,361**	1,468,539

	GROUP	
	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,946,656**	1,948,736

	GROUP	
	2016	2015
Earnings per share (Renminbi cents):		
Basic and diluted	**138.56**	75.36

There is no potential dilutive ordinary share in 2016 and 2015.

34 DIVIDENDS

In 2016, approximately RMB142 million of dividends was paid in respect of a first and final one-tier tax exempt dividend of 7.28 Renminbi cents (equivalent to 1.52 Singapore cents) per ordinary share declared for the financial year ended December 31, 2015.

In 2015, approximately RMB113 million of dividends was paid in respect of a first and final one-tier tax exempt dividend of 5.82 Renminbi cents (equivalent to 1.30 Singapore cents) per ordinary share declared for the financial year ended December 31, 2014.

In respect of the current year, the directors proposed a first and final one-tier tax exempt dividend of 20.86 Renminbi cents (equivalent to 4.35 Singapore cents) per ordinary share amounting to approximately RMB405 million. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

35 SEGMENT INFORMATION

The Group's reportable operating segments are as follows:

(i) Property development: Development of residential, commercial and other properties.

(ii) Property investment: Leasing of properties to generate rental income and to gain from the appreciation in the value of the properties in the long term.

(iii) Others: Provision of property management, ancillary services, advance purchase of construction materials, investment holding and others.

Information regarding the operations of each reportable segments are included below. The management monitors the operating results of each operating segment for the purpose of making decisions on resource allocation and performance assessment.

The Group's operations are located in the PRC, hence no analysis by geographical area of operations is provided.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	GROUP			
	Revenue		Profit (loss) before income tax	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Property development	**24,893,558**	15,833,153	**7,290,139**	3,751,095
Property investment	**363,396**	400,547	**451,846**	1,003,499
Others	**407,454**	347,657	**(269,831)**	(437,481)
Total	**25,664,408**	16,581,357	**7,472,154**	4,317,113

Segment profit represents the profit earned by each segment as determined using the Group's accounting policy. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segment assets

	GROUP	
	2016 RMB'000	2015 RMB'000
Property development	**69,570,606**	64,890,660
Property investment	**14,928,045**	12,155,324
Others	**8,949,761**	2,851,432
Total assets	**93,448,412**	79,897,416

All assets are allocated to reportable segments. Liabilities are not allocated as they are not monitored by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

35 SEGMENT INFORMATION (Cont'd)

Other segment information

	GROUP			
	Depreciation		Additions to non-current assets	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Property development	**18,009**	20,360	**1,259,279**	482,276
Property investment	**8,500**	8,052	**1,931,905**	696,882
Others	**7,766**	8,804	**5,022**	5,393
Total	**34,275**	37,216	**3,196,206**	1,184,551

36 ACQUISITION OF SUBSIDIARIES

During the year, there were acquisition of subsidiaries as follows:

Acquisition of Assets

(a) On January 28, 2016, the Group acquired 100% of the issued share capital of Shenzhen Huarong Innovation Investments Co., Ltd. for a cash consideration of RMB300 million.

(b) On May 20, 2016, the Group acquired 51% of the issued share capital of Nanjing Daji Real Estate Development Co., Ltd. ("NJ DR") by way of capital injection of RMB156 million.

(i) NJ DR owns 3 land parcels in PRC ("Parcel 1 and 2", and "Parcel 3"). Pursuant to the shareholders' agreement, the non-controlling shareholder has control over specified asset of NJ DR, which includes the operation of Parcel 1 and 2, thereby rights to assets and obligations to liabilities of Parcel 1 and 2 (referred to as "Portion A" thereafter) despite the legal form of NJ DR as a single entity. The Group only has control over Portion B of NJ DR, which is the developer of Parcel 3. Therefore, the Group treats Portion B of NJ DR as a deemed separate entity under FRS 110 *Consolidated Financial Statement*, and only Portion B is consolidated.

(ii) Although under the PRC law, Portion B will still be required to bear the liabilities incurred by Portion A should the assets of Portion A are insufficient to repay its liabilities, the non-controlling shareholder is required to repay Portion B for the liability as agreed under the cooperation agreement. In the event of default of the non-controlling shareholder, management has assessed that the non-controlling interest's share in Portion B and guaranteed dividend of RMB1.100 billion (see (iii) below) is sufficient to serve as collateral.

(iii) The non-controlling shareholder is entitled to a guaranteed dividend of RMB1.100 billion upon completion of development. In the event of shortfall of available dividend, the Group shall compensate for the difference. Therefore, this represents a contingent consideration which is contingent on the performance of the project company. Based on management's budget as at acquisition date and as at year end, the non-controlling shareholder's share of NJ DR's budgeted profit is expected to be more than the guaranteed dividend amount. Accordingly, the fair value of the contingent consideration is estimated to be RMB Nil as at acquisition date and as at the end of the reporting period.

36 ACQUISITION OF SUBSIDIARIES (Cont'd)

(c) On June 23, 2016, the Group acquired 30% of the issued share capital of Suzhou Renan Real Estate Co., Ltd. ("SZ RA") by way of capital injection of RMB30 million and assignment of shareholder's loan due from SZ RA to the non-controlling shareholder of RMB593 million.

(d) On August 30, 2016, the Group acquired 75% of the issued share capital of Shenzhen Hengming Commercial Co., Ltd. ("SC HC"), for a cash consideration of RMB7.5 million and shareholder loan assumed of RMB2.242 billion.

On December 30, 2016, the Group acquired the remaining 25% issued share capital of SC HC for a cash consideration of RMB2.5 million and shareholder loan assumed of RMB1.122 billion, which has been accounted for as a change in Group's ownership interest in a subsidiary that does not result in change of control (Note 10).

The Group's intention was to acquire the land and vacated properties held by the above mentioned companies and the Group did not take over any management or operational process from the vendors as it intends to develop and sell the properties. The acquisitions were accounted for as acquisition of assets and were out of scope of FRS 103 *Business Combinations*.

Acquisition of Business

On August 8, 2016, the Group acquired 100% equity interest in Zhongshan Renyuan Investment Co., Ltd. ("ZS RI") for a consideration of RMB64 million. ZS RI has a wholly-owned subsidiary, Zhongshan Renyuan Real Estate Co., Ltd. ("ZS RR"), which in turn holds interests in three joint ventures. The joint ventures are investment holding and property development companies involved in the primary redevelopment of land parcels in Zhongshan city, PRC. This acquisition was accounted for by the acquisition method of accounting.

i. Goodwill arising on acquisition

The fair value of identifiable net assets acquired is RMB64 million. Accordingly, no goodwill has been recognised on acquisition.

ii. Impact of acquisition on the result of the Group

Had the business combination during the year been effected at January 1, 2016, management estimated that there would be no significant changes to the Group's revenue and profit for 2016.

36 ACQUISITION OF SUBSIDIARIES (Cont'd)

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition dates:

	GROUP RMB'000
Property, plant and equipment (Note 7)	14
Properties for development	7,398,101
Investments in joint ventures	63,000
Other receivables	3,991
Cash and cash equivalents	334,833
Bank and other borrowings	(2,600,000)
Non-trade amounts due to non-controlling shareholders of subsidiaries	(2,329,493)
Other payables	(2,240,319)
Net assets at date of acquisition	630,127
Non-controlling interests	(72,504)
Net assets acquired	557,623
Shareholder's loans assumed	2,835,506
Total consideration	3,393,129
Consideration payable	(3,383)
Cash consideration paid in previous year	(1,555,000)
Cash acquired	(334,833)
Net cash outflow arising on acquisition	1,499,913

37 CHANGE OF CONTROL AS SUBSIDIARIES TO ASSOCIATES

On August 30, 2016, a supplementary shareholders' agreement was signed between the Group and the joint venture partners, and the Group lost control and power over Sino-Singapore Yanlord (Haimen) Yangtze Eco Hi-Tech City Co., Ltd. ("SSYHYE") and its wholly-owned subsidiary, Sino-Singapore Yanlord Haimen Yangtze Eco Hi-Tech City Investment and Development Co., Ltd. (collectively, the "Haimen Companies"), as a result of changes in the article of association of SSYHYE with effect from September 30, 2016. Accordingly, the Haimen Companies ceased to be subsidiaries of the Group and are classified as associates. The Group's effective interest in the Haimen Companies remain unchanged at 55%. Consequently, the Haimen Companies were deconsolidated and are equity accounted for in the consolidated financial statement.

37 CHANGE OF CONTROL AS SUBSIDIARIES TO ASSOCIATES (Cont'd)

Details of the change of control are as follow:

	GROUP RMB'000
Property, plant and equipment (Note 7)	2,011
Deferred tax asset	4,606
Properties under development for sale	147,353
Other receivables and deposits	1,735
Cash and cash equivalents	146,984
Trade and other payables	(62,277)
Net assets at date of change of control	240,412
Non-controlling interests	(108,185)
Net assets derecognised	132,227
Gain (Loss) on change of control	
Consideration received	–
Net asset derecognised	(132,227)
Fair value of retained interest	132,227
	–
Net cash outflow arising from change of control	
Consideration received	–
Cash and cash equivalents derecognised	(146,984)
	(146,984)

38 OPERATING LEASE ARRANGEMENTS

The Group as leasee

	GROUP	
	2016 RMB'000	2015 RMB'000
Minimum lease payments under operating leases recognised as an expense in the year	**16,456**	18,690

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	GROUP	
	2016 RMB'000	2015 RMB'000
Within one year	**16,318**	18,051
In the second to fifth year inclusive	**9,613**	22,485
More than five years	**15,708**	17,531
	41,639	58,067

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

38 OPERATING LEASE ARRANGEMENTS (Cont'd)

Operating lease payments substantially represent rental payables by the Group in respect of land and buildings for its office premises and staff accommodation. Leases are negotiated for an average term of less than 3 years (2015 : less than 3 years).

The Group as lessor

The Group rents out its investment properties and certain completed properties for sale in the PRC under operating leases. Property rental income earned during the year was RMB349 million (2015 : RMB380 million).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease receipts:

	GROUP	
	2016	**2015**
	RMB'000	**RMB'000**
Within one year	**227,767**	285,126
In the second to fifth year inclusive	**583,778**	607,570
More than five years	**470,771**	602,870
	1,282,316	1,495,566

39 CAPITAL EXPENDITURE COMMITMENTS

Estimated amounts committed for future capital expenditure but not provided for in the financial statements:

	GROUP	
	2016	**2015**
	RMB'000	**RMB'000**
Investment properties	**23,632**	113,310
Acquisition of property	**108,979**	–
	132,611	113,310

40 CONTINGENCIES AND GUARANTEES

As at December 31, 2016, the Group has provided guarantees of approximately RMB11.495 billion (2015 : RMB7.577 billion) to banks for the benefit of its customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties. Should such guarantees be called upon, there would be an outflow of cash (previously collected by the Group) from the Group to the banks to discharge the obligations. The management has made enquiries with the banks and considered the profile of customers who bought the Group's properties and concluded that the likelihood of these guarantees being called upon is low. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security for the mortgage loan granted.

As described in Note 31, the additional LAT tax exposure in the event of future re-assessment by the tax authorities has been estimated by management to be approximately RMB597 million (2015 : RMB598 million) (before effects of deductibility for income tax assessment purpose and adjustment for non-controlling interests).

40 CONTINGENCIES AND GUARANTEES (Cont'd)

As at December 31, 2016, the Company, together with five of its subsidiaries, has provided joint guarantees to banks in respect of the following loan facilities granted to a subsidiary:

- A loan facility amounting to RMB2.251 billion (equivalent to US$325 million) (2015 : RMB2.500 billion (equivalent to US$385 million)) for a remaining term of less than one year up to June 23, 2017. The loan facility was fully drawn down as at the end of 2016 (2015 : RMB2.156 billion (equivalent to US$332 million)) .

- A loan facility amounting to RMB1.179 billion (equivalent to US$170 million) (2015 : RMB 1.104 billion (equivalent to US$170 million)) for a remaining term of less than two years up to May 4, 2018. The loan facility was fully drawn down as at the end of 2016 and 2015.

- A loan facility amounting to RMB559 million (equivalent to HK$625 million) (2015 : RMB Nil) for a remaining term of less than three years up to Apr 25, 2019. The loan facility was fully drawn down as at the end of 2016.

As at December 31, 2015, the Company, together with five of its subsidiaries, had provided a joint guarantee in respect of senior notes issued by a wholly-owned subsidiary amounting to RMB1.871 billion for a remaining term of less than one year up to May 22, 2016. On May 22, 2016, the senior notes and interest payable were fully repaid.

As at December 31, 2016, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB114 million (equivalent to S$24 million) (2015 : RMB230 million (equivalent to S$50 million)) for a remaining term of less than two years up to March 30, 2018. As at December 31, 2016, an amount of RMB114 million (equivalent to S$24 million) (2015 : RMB115 million (equivalent to S$25 million)) has been drawn down.

As at December 31, 2016, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB600 million (2015 : RMB Nil) for a remaining term of less than three years up to May 11, 2019. The loan facility was fully drawn down as at the end of 2016.

As at December 31, 2016, the Company has provided a guarantee to a third party in respect of a loan facility granted to a subsidiary amounting to RMB910 million (2015 : RMB Nil) for a remaining term of less than three years up to March 28, 2019. The loan facility was fully drawn down as at the end of 2016.

As at December 31, 2016, the Company has provided a guarantee to a third party in respect of a loan facility granted to a subsidiary amounting to RMB590 million (2015 : RMB Nil) for a remaining term of less than three years up to April 26, 2019. The loan facility was fully drawn down as at the end of 2016.

As at December 31, 2015, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB1.599 billion for a remaining term of less than seven years up to July 26, 2022. The loan facility was fully drawn down as at the end of 2015. On November 30, 2016, the loan and interest payable were fully repaid and the loan facility was cancelled accordingly.

As at December 31, 2015, the Company had provided a guarantee to a non-controlling shareholder of subsidiaries in respect of an interest-free current advance to a subsidiary amounting to RMB96 million (equivalent to US$15 million). On June 23, 2016, the advance was fully repaid.

As at December 31, 2016, a subsidiary of the Company has provided a guarantee to a bank in respect of a loan facility granted to a joint venture amounting to RMB400 million (2015 : RMB Nil) for a remaining term of less than two years up to April 14, 2018. The loan facility was fully drawn down as at the end of 2016.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

40 CONTINGENCIES AND GUARANTEES (Cont'd)

As at December 31, 2016, the joint venture Singapore Intelligent Eco Island Development Pte. Ltd. ("SIEID") has pledged its shares in the joint venture Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd. ("SSNEHID") to banks as security for credit facilities used by a wholly-owned subsidiary of SSNEHID for property development. SIEID's contingent liability under this pledge of its shareholding in SSNEHID is limited to an amount of RMB72 million (2015 : RMB217 million). A subsidiary of the Company has provided guarantee of RMB55 million (2015 : RMB165 million) for the same credit facilities.

As at December 31, 2016, a subsidiary of the Company has provided joint guarantees to banks in respect of the following loan facilities granted to a wholly-owned subsidiary of SSNEHID:

- A loan facility for a remaining term of less than two years up to September 25, 2018. The loan facility was fully drawn down as at the end of 2016 and 2015. The subsidiary's contingent liability as at December 31, 2016 for this joint guarantee is limited to an amount of RMB134 million (2015 : RMB159 million).

- A loan facility for a remaining term of less than four years up to January 15, 2020. The loan facility was fully drawn down as at the end of 2016 and 2015. The subsidiary's contingent liability as at December 31, 2016 for this joint guarantee is limited to an amount of RMB388 million (2015 : RMB388 million).

- A loan facility for a remaining term of less than four years up to July 1, 2020. The loan facility was fully drawn down as at the end of 2016 and 2015. The subsidiary's contingent liability as at December 31, 2016 for this joint guarantee is limited to an amount of RMB342 million (2015 : RMB342 million).

The management is of the view that the fair value of the financial guarantees provided by the Group and the Company are not significant.

41 EVENTS AFTER REPORTING PERIOD

Subsequent to year end, the Group issued US$450 million (RMB3.122 billion) senior notes on January 23, 2017, which will mature on January 23, 2022. The senior notes bears interest at 5.875% per annum with interest payable on January 23 and July 23 of each year, commencing on July 23, 2017. The Company, together with five of its subsidiaries, had provided a joint guarantee in respect of the senior note issued.

INTERESTED PERSON TRANSACTIONS

The details of interested person transactions ("IPTs") entered into during the financial year under review were as follows:-

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) FY 2016	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) FY 2016
Yanlord Holdings Pte. Ltd.[1]	RMB16,245,459	NA
Lin Yi Ming[2]	RMB9,554,355	NA
Zheng Danni[2]	RMB1,897,457	NA
Hong Zhi Hua[3]	RMB7,266,872	NA
Zhang Hui Fang[4]	RMB938,622	NA
Zheng Qiang[4]	RMB934,209	NA
Zheng Quan[4]	RMB1,102,038	NA
Zhong Si Min[2&5]	RMB180,000	NA
Ho Su Ann[5]	RMB21,605,422	NA
Total	RMB59,724,434	NA

NA: Not applicable

Notes:

1 Associate (as defined in the SGX Listing Manual) of Zhong Sheng Jian, director and controlling shareholder of the Company.
2 Relatives (as defined in the SGX Listing Manual) of Zhong Sheng Jian, director and controlling shareholder of the Company.
3 Hong Zhi Hua resigned as a director of the Company on 30 September 2016.
4 Relatives (as defined in the SGX Listing Manual) of Hong Zhi Hua, who resigned as a director of the Company on 30 September 2016.
5 Relatives (as defined in the SGX Listing Manual) of Zhong Siliang, director of the Company.

The Group does not have a shareholders' general mandate for IPTs.

Save as disclosed above, there was no material contract entered into by the Company and its subsidiaries involving the interests of the chief executive officer or any director or controlling shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

SHAREHOLDING STATISTICS

As at 13 March 2017

Number of Shares Issued (including Treasury Shares)	:	1,948,736,476
Class of Shares	:	Ordinary shares with one vote per share
Issued and Paid-up Share Capital	:	S$1,482,552,080
Number of Treasury Shares	:	9,150,600[1]

Size of Shareholdings	No. of Shareholders	Percentage (%)[2]	No. of Shares	Percentage (%)[2]
1 - 99	14	0.26	276	0.00
100 - 1,000	432	7.96	412,933	0.02
1,001 - 10,000	3,651	67.26	20,146,776	1.04
10,001 - 1,000,000	1,306	24.06	54,808,249	2.83
1,000,001 AND ABOVE	25	0.46	1,864,217,642	96.11
TOTAL	**5,428**	**100.00**	**1,939,585,876**	**100.00**

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	Percentage (%)[2]
YANLORD HOLDINGS PTE. LTD.	1,035,390,000	53.38
UOB KAY HIAN PRIVATE LIMITED	245,106,458	12.64
DBS NOMINEES (PRIVATE) LIMITED	145,333,852	7.49
CITIBANK NOMINEES SINGAPORE PTE LTD	114,386,595	5.90
HL BANK NOMINEES (SINGAPORE) PTE LTD	100,390,000	5.18
BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	60,381,516	3.11
RAFFLES NOMINEES (PTE) LIMITED	28,837,640	1.49
DBSN SERVICES PTE. LTD.	24,516,339	1.26
HSBC (SINGAPORE) NOMINEES PTE LTD	22,137,861	1.14
MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	20,254,605	1.04
DB NOMINEES (SINGAPORE) PTE LTD	14,788,384	0.76
KHENG LEONG COMPANY (PRIVATE) LIMITED	13,125,000	0.68
UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,579,806	0.44
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,332,300	0.27
WANG NANHUA	4,645,000	0.24
OCBC SECURITIES PRIVATE LIMITED	4,517,100	0.23
MERRILL LYNCH (SINGAPORE) PTE LTD	3,083,967	0.16
LEE PINEAPPLE COMPANY PTE LTD	2,500,000	0.13
ONG ENG LOKE	2,500,000	0.13
TAN SHOOK YNG	1,852,000	0.10
TOTAL	**1,857,658,423**	**95.77**

SHAREHOLDING STATISTICS

As at 13 March 2017

SUBSTANTIAL SHAREHOLDERS

As Stated in the Register of Substantial Shareholders

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	Percentage (%)[2]	No. of Shares	Percentage (%)[2]	No. of Shares	Percentage (%)[2]
YANLORD HOLDINGS PTE. LTD.[3]	1,278,390,000	65.91	–	–	1,278,390,000	65.91
ZHONG SHENG JIAN[3]	40,939,700	2.11	1,278,390,000	65.91	1,319,329,700	68.02

Notes:
1 Number of treasury shares purchased up to 8 March 2017 and credited as at 13 March 2017.
2 Percentages calculated based on share capital of the Company as at 13 March 2017, excluding treasury shares credited as at the date.
3 Zhong Sheng Jian is a subtantial shareholder of the Company via his deemed interest of 1,278,390,000 ordinary shares in the Company held by Yanlord Holdings Pte. Ltd. ("YHPL"). YHPL is a company which is owned by Zhong Sheng Jian (95% shareholding interest) and his spouse (5% shareholding interest). The total no. of 1,319,329,700 ordinary shares are held directly and via nominee accounts.

Based on the information available to the Company as at 13 March 2017, approximately 29.7% of the issued ordinary shares (excluding treasury shares) of the Company is held by the public and accordingly, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

CORPORATE GOVERNANCE STATEMENT

Yanlord Land Group Limited ("Company" and its group of companies, "Group") is committed to complying with the Code of Corporate Governance 2012 ("Code") so as to safeguard the interests of the shareholders ("Shareholders"). This statement outlines the Company's corporate governance processes and activities that were in place during the financial year.

BOARD MATTERS

PRINCIPLE 1: BOARD'S CONDUCT OF AFFAIRS

Disclosure Guide ("DG"): Guideline 1.5
DG: Guideline 1.6

The principal functions of the board of directors of the Company ("Board") include, among others, supervising the overall management and performance of the business and affairs of the Group and approving the Group's corporate and strategic policies and direction. Recognising the need for balance between the commercial needs of our customers and environmental preservation, the Group continues to introduce environmental initiatives through developing eco-friendly developments as and when appropriate. The Group's social responsibilities further extend to include donations to certain non-profit organisations.

Matters which are specifically reserved for the Board's approval include, among others, significant corporate matters, major undertakings and all matters and transactions listed in the SGX's Listing Manual ("Listing Manual") that require Board's approval. At all times, the directors shall act honestly and with diligence, and in the best interests of the Company. In the event of a conflict of interest situation arising in respect of a matter under consideration by the Board, the director concerned also complies with relevant disclosure obligations and abstained from participating in the deliberation of the matter by the relevant Board's committee(s) and / or Board, if so required. The Board dictates the strategic direction and management of the Company through quarterly reviews of the financial performance of the Group. To facilitate effective management, certain functions of the Board have been delegated to various Board's committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Risk Management Committee ("RMC") (collectively, "Board Committees").

The Company's Constitution are sufficiently flexible to allow a director to participate at a meeting via telephone, video conference or by means of similar communication equipment. A director, who was unable to attend the meetings of the Board or of the Board Committees, would be provided with the relevant meeting materials prior to the meeting(s) and may raise his / her views on the agenda to the Board or the Board Committees in advance, if any. In the course of the financial year under review, the details of the number of meetings held and attended by each of the members of the Board and Board Committees are set out below:

	Board Meeting		AC Meeting		NC Meeting		RC Meeting		RMC Meeting	
Director	Held*	Attendance	Held*	Attendance	Held*	Attendance	Held*	Attendance	Held*	Attendance
Zhong Sheng Jian	4	3	–	–	1	1	–	–	1	1
Zhong Siliang	4	4	–	–	–	–	–	–	–	–
Chan Yiu Ling	4	4	–	–	–	–	–	–	–	–
Hong Zhi Hua[1]	3	3	–	–	–	–	–	–	–	–
Zhong Ming[2]	1	1	–	–	–	–	–	–	–	–
Ronald Seah Lim Siang	4	4	4	4	1	1	1	1	–	–
Ng Ser Miang	4	3	–	–	1	0	–	–	1	0
Ng Shin Ein	4	4	4	4	–	–	1	1	1	1
Ng Jui Ping	4	4	4	4	–	–	1	1	1	1

Notes:
1 Hong Zhi Hua resigned as a director of the Company on 30 September 2016.
2 Zhong Ming was appointed as a director of the Company on 1 October 2016.
* Reflects the number of meetings held during the time that the director held office.
– Indicates that the director was not a member of that committee during the year.

A director, upon appointment, would be provided with a formal letter setting out his / her duties and obligations as a director and undergone an induction programme to familiarise himself / herself of the Group's business and structure, governance practices and matters relating to the Board and Board Committees, if necessary. Accordingly, a formal letter of appointment was furnished to our newly-appointed director, Zhong Ming, upon his appointment during the financial year. To familiarise Zhong Ming with the Board and Board Committees' matters, he attended meetings of the Board, Board Committees and the annual general meetings of the Company since 2013. The directors may visit the development sites of the Group and meet the local management teams as and when necessary. The directors are also provided with further explanation and information on any aspect of the Company's operation or business issues from the management of the Company ("Management") at quarterly board meetings or as and when so requested by the directors and receive relevant briefings and updates, particularly on relevant new laws and regulations and changing commercial risks, from time to time. During the year, the directors were provided with various regulatory updates such as the key legislative amendments made to the Companies Act, Cap. 50 ("Act"), key changes made to the audit reporting standards and etc.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

DG: Guideline 2.1
DG: Guideline 2.3
DG: Guideline 2.4
DG: Guideline 2.6

The Board comprises:

1. Zhong Sheng Jian: Chairman and Chief Executive Officer
2. Zhong Siliang: Executive Director
3. Chan Yiu Ling: Executive Director
4. Zhong Ming: Executive Director (appointed on 1 October 2016)
5. Ronald Seah Lim Siang: Lead Independent Director
6. Ng Ser Miang: Independent Director
7. Ng Shin Ein: Independent Director
8. Ng Jui Ping: Independent Director

The Board determines, at the recommendation of the NC, the independence of each independent director adopting, inter alia, the independence test as recommended by the Code. The NC and the Board note the need for progressive refreshing of the Board and the need to conduct rigorous review on the independence of each independent director who has served on the Board beyond nine years from his / her first appointment. For the independence test, each director is required to endorse an independent test form, content of which is in accordance with the guidelines as set out in the Code to declare his / her independency. Having noted that all the four independent directors of the Company have served the Board beyond nine years, a peer review was further conducted to assess whether each independent director expressed his / her individual viewpoints and continued to demonstrate strong independence in judgment in the discharge of his / her responsibilities as an independent director of the Company. The independent directors were also assessed in respect of whether they have objectively and constructively raised issues during meetings of the Board and of the Board Committees and whether they remained active in the discussions over issues concerning the Group and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters pertaining to their area of responsibilities and whether the Company has benefited from their years of experience in their respective fields of expertise. Each independent director is abstained from assessing and determining his / her own independence in such review. Taking into consideration the complexity of doing business in China and that these independent directors have continued to demonstrate strong independence in judgment in the discharge of their responsibilities as an independent director of the Company and that they have objectively and constructively raised issues and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters pertaining to their area of responsibilities whether on Board or on the Board Committees and that the Company has also benefited from their years of experience in their respective fields of expertise, the NC and the Board are of the view that all the four independent directors who have served the Board beyond nine years from the respective date of their first appointments remain independent and none of the independent directors has a relationship as stated in Guideline 2.3 of the Code that would otherwise deem him / her not to be independent. Accordingly, there is a strong and independent element on the Board, with independent directors making up half of the Board.

The Board believes that a diverse Board will enhance the decision makings of the Board by utilizing the variety in skills, experiences, gender and knowledge of the Group. When considering the appointment and re-appointment of any directors, in addition to complying with the relevant provisions of the Constitution, it has been the objective of the Board to ensure it comprises directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Group. The Board is of a view that the current size and composition of the Board, their experience and core competencies in various fields are appropriate, effective and provides adequate diversity to the Board, taking into consideration the above objective, the scope and nature of operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board has diversity of academic background and skills and knowledge in the areas of accounting or finance, business or management, industry, strategic planning and customer-based experience. Extensive experiences of the directors including their regional business expertise and strategic networking relationships further broaden diversity of the Board. The Board also comprising two female directors in recognition of the importance and value of gender diversity. Various assessments conducted annually on the Board, Board Committees as well as individual directors would allow the Board to ensure, inter alia, the balance and diversity of the Board necessary to maximise effectiveness.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Zhong Sheng Jian currently fulfills the roles as the Chairman of the Board ("Chairman") and the Chief Executive Officer ("CEO") of the Company. The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and the CEO. This is because the Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on the corporate affairs of the Group. Pursuant to the recommendation in the Code, the Company appointed Ronald Seah Lim Siang as its lead independent director to, inter alia, coordinate the activities of independent directors. To facilitate a more effective check on the Group, the independent directors may meet separately to discuss matters pertaining to the Group without the presence of the Management and / or the Executive Directors, on a need-be basis. The lead independent director would provide feedback to the Chairman for any relevant issues to be further addressed by the Group. Any concerns of Shareholders, if received by the Company, to the attention of the lead independent director shall be forwarded to him accordingly. The Chairman and the CEO is responsible for, among others, exercising control over the quality, quantity and timeliness of the flow of information within the Board and between the Board and the Management, and assisting in ensuring compliance with the Company's guidelines on corporate governance.

PRINCIPLE 4: BOARD MEMBERSHIP
PRINCIPLE 5: BOARD PERFORMANCE

DG: Guideline 4.4
DG: Guideline 4.6
DG: Guideline 5.1

NOMINATING COMMITTEE ("NC")

The NC makes recommendations to the Board on all board appointments. The majority of the members of the NC, including its chairman, are independent. The chairman of the NC is Ng Ser Miang and the other members are Zhong Sheng Jian and our lead independent director, Ronald Seah Lim Siang. The NC is guided by its terms of reference which set out its responsibilities. The NC's responsibilities include:

(a) reviewing and recommending the nomination and re-election of our directors having regard to the director's contribution and performance;

(b) determining on an annual basis whether or not a director is independent; and

(c) assessing the performance of our Board, Board Committees as well as contribution of the Chairman and each director to the effectiveness of the Board.

A new director shall be appointed by the Board after taking into consideration the recommendation made by the NC. Selection of candidates to be considered for appointment as directors may be facilitated, inter alia, through recommendations from reliable sources. The NC, in considering the appointment and re-appointment of any director, evaluates the criteria of the new directors and performance of the existing directors. The assessment parameters for the new directors include integrity, diversity of competencies and expertise of the new directors. The assessment parameters for the existing directors include attendance records at meetings, intensity of participation at meetings and the quality of interventions.

The Constitution requires new directors appointed during the year to submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company. The Constitution also requires one-third of the Board to retire by rotation at every AGM. This means that no director may stay in office for more than three years without being re-elected by Shareholders. The Board values the importance of succession planning and progressive renewal of the Board. In this regard, on an annual basis, the NC reviews and makes recommendation on the list of directors who are subject to retire by rotation and whether the composition of the Board shall remain unchanged taking into consideration, among others, each director's competencies, commitment, contribution and performance. Such recommendations will then be submitted to the Board for Board's consideration thereafter. The NC is of the view that although some of the directors have multiple board representations in other listed entities, such multiple board representations do not hinder them from carrying out their duties as directors. Instead, these directors' participation in other listed entities would widen the experience of the Board and give it a broader perspective. The NC shall make recommendation to the Board for the Board to consider adopting the recommendation of the Code to determine the maximum number of listed company board representations which any director may hold as and when necessary.

The Company has in place a system to assess the performance of the Board as a whole, its Board Committee and the contribution by the Chairman to the effectiveness of the Board on an annual basis ("Performance Assessment"). In carrying out the Performance Assessment, the NC and Board take into consideration the views of each individual director. Each director shall complete a questionnaire setting out their respective views on the performance of the Board, Board Committees and Chairman based on various aspects such as the structure of Board and Board Committees, conduct of meetings, corporate strategy and planning, risk management and internal controls and Company's performance. When assessing the overall performance of the Board, the NC and Board also take into account the directors' number of listed company board representations and other principal commitments as defined in the Code to determine if a director is able to and has been adequately carrying out his / her duties as a director of the Company. The contribution of the Chairman is assessed taking into consideration the role of Chairman as prescribed by the Code. The Chairman abstained from participating in his own assessment. The results of the completed questionnaires are compiled into a summary report and the same is tabled for review by the NC and circulated to the Board for consideration thereafter. The Board, having satisfied with its performance, would resolve whether to retain the current composition of the Board taking into consideration, among others, adequate diversity of the Board, each director's competencies, commitment, contribution and performance.

The NC also assessed the performance of individual directors on an annual basis based on factors such as the director's attendance record at the meetings of Board and Board Committees, intensity of participation at meetings and the quality of interventions. Recommendation in respect of the contribution of each individual director to the effectiveness of the Board will be made to the Board thereafter.

Key information regarding the directors is set out in this Annual Report ("2016 Annual Report") under the heading entitled "Board of Directors". The Company does not have any alternate director.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 6: ACCESS TO INFORMATION

DG: Guideline 6.1

The Board is provided with financial information, as well as relevant background information and documents relating to items of business to be discussed at Board meetings prior to the scheduled meetings. The directors may (whether individually or as a group), in the furtherance of their duties, take independent professional advice (e.g. auditors), if necessary, at the Company's expense.

The Board has separate and independent access to the Management and company secretary at all times. The directors are entitled to request from the Management and be provided with such additional information as needed to make informed decisions in a timely manner.

The company secretary attends all Board and Board Committees meetings. The role of the company secretary includes responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Under the direction of the Chairman, the company secretary also ensures good information flows within the Board and Board Committees and between the Management and independent directors. The appointment and removal of the company secretary should be a matter for the Board as a whole.

REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURE FOR DEVELOPING REMUNERATION POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION
PRINCIPLE 9: DISCLOSURE OF REMUNERATION

DG: Guideline 9.2
DG: Guideline 9.3
DG: Guideline 9.4
DG: Guideline 9.6

REMUNERATION COMMITTEE ("RC")

The RC comprises 3 members, all of whom are independent and non-executive directors. The chairman of the RC is Ng Jui Ping and the other 2 members are Ronald Seah Lim Siang and Ng Shin Ein.

The RC is guided by its terms of reference which set out its responsibilities. The RC recommends to the Board, a framework of remuneration for the directors and reviews the remuneration packages for each director and key management personnel. The recommendations of the RC are submitted for endorsement by the Board. All aspects of remuneration, including but not limited to directors' fees, salaries, annual performance incentives and other benefits including benefits in kind are reviewed by the RC. Subject to the review of the Board, the RC has explicit authority within its terms of reference to obtain outside or other independent professional advice as it considers necessary to carry out its duties. The RC had also reviewed the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service and opined that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No director or member of the RC has been involved in deciding his / her own remuneration package. The total remuneration mix for the CEO, executive directors and top 5 key executive officers (who are not also directors or the CEO) of the Group comprises three key components namely, basic salary, annual performance incentive and other benefits including benefits in kind. A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of Shareholders and promotes the long-term success of the Company. Performance conditions to which entitlement to such incentives are met include benchmarking performance to business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Company's financial performance vis-à-vis industry performance. The extent to which the performance conditions have been met was taken into account in determining the actual quantum of variable component of remuneration. Whilst the Company currently does not make use of contractual provisions to allow the Company to reclaim incentive components of remuneration paid to its executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company, it will consider adopting such contractual provisions, as and when appropriate.

Save for directors' fees, which have to be approved by the Shareholders at every AGM, the independent directors do not receive any other remuneration from the Company.

Taking into consideration the competitive human resource environment which is especially pronounced in the Group's segment of property market in China, it is proposed that the remuneration of the directors be disclosed in the 2016 Annual Report in bands of S$250,000 instead of disclosing such figures to the nearest thousand as required by the Code.

1. **Remuneration of Directors for FY2016**

The remuneration (which includes basic salaries, annual performance incentives, directors' fees and other benefits including benefits in kind, if any) paid or payable to each of the directors as at 31 December 2016, in bands of S$250,000, are as follows:

Remuneration Band	Basic Salary	Annual Performance Incentives	Directors' Fees	Other benefits including benefits in kind	Total
S$8,500,000 to S$8,749,999					
Zhong Sheng Jian	3.12%	96.83%	–	0.05%	100%
S$750,000 to S$999,999					
Zhong Siliang	74%	26%	–	–	100%
S$250,000 to S$499,999					
Chan Yiu Ling	75%	25%	–	–	100%
Zhong Ming[1]	75%	25%	–	–	100%
Below S$250,000					
Ronald Seah Lim Siang	–	–	100%	–	100%
Ng Ser Miang	–	–	100%	–	100%
Ng Shin Ein	–	–	100%	–	100%
Ng Jui Ping	–	–	100%	–	100%

Note:
1 Zhong Ming was appointed as a director of the Company on 1 October 2016.

2. **Remuneration of the Top 5 Key Management Personnel for FY2016**

The remuneration (which includes basic salaries, annual performance incentives and other benefits including benefits in kind, if any) paid or payable to each of the following personnel as at 31 December 2016, based on their respective employment periods served in FY2016, in bands of S$250,000, are as follows:

Remuneration Band	Basic Salary	Annual Performance Incentives	Directors' Fees	Other benefits including benefits in kind	Total
S$500,000 to S$749,999					
Zhang Hao Ning	75%	25%	–	–	100%
Chen Ping	65%	35%	–	–	100%
Lam Ching Fung	71%	29%	–	–	100%
Zhou Cheng	68%	32%	–	–	100%
Below S$250,000					
Wang Xi[2]	100%	–	–	–	100%

Note:
[2] Wang Xi was appointed as an Executive Vice President of the Group on 10 November 2016.

The total remuneration paid to the above top 5 key management personnel for FY2016 was S$2,574,517.

3. **Remuneration of employees who are immediate family members (i.e. spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO, and whose remuneration exceed S$50,000 during the year**

Remuneration Band	Position	Relationship	Basic Salary	Annual Performance Incentive	Directors' Fees	Other benefits including benefits in kind	Total
S$450,000 to S$499,999							
Zheng Xi	Vice-Chairman of Yanlord Investment (Nanjing) Co., Ltd.	Brother of our Chairman & CEO, Zhong Sheng Jian	69%	31%	–	–	100%
S$200,000 to S$249,999							
Zhong Si Nuo	Assistant to our Chairman & CEO, Zhong Sheng Jian	Daughter of our Chairman & CEO, Zhong Sheng Jian	85%	15%	–	–	100%

3. **Remuneration of employees who are immediate family members (i.e. spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO, and whose remuneration exceed S$50,000 during the year (Cont'd)**

Remuneration Band	Position	Relationship	Basic Salary	Annual Performance Incentive	Directors' Fees	Other benefits including benefits in kind	Total
S$150,000 to S$199,999							
Chung Chiu Yan	Director of Yanlord Investment (Nanjing) Co., Ltd.	Brother of our Chairman & CEO, Zhong Sheng Jian	100%	–	–	–	100%
Zhong Si Li	Assistant to General Manager of Shenzhen Long Wei Xin Investment Co., Ltd.	Brother of Zhong Siliang, our Executive Director	79%	21%	–	–	100%
Zhong Si Min	Finance Manager of Shanghai Yanlord Xing Tang Real Estate Co., Ltd.	Brother of Zhong Siliang, our Executive Director	77%	23%	–	–	100%

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board understands its accountability to the Shareholders for the Group's performance, and Management understands its role in providing all members of the Board with financial accounts and such explanation and information to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

The Board also ensures that the Company complies with the applicable legislative and regulatory requirements. The Board provides confirmation to the Shareholders in the Company's quarterly financial results announcements that to the best of their knowledge, nothing has came to the attention of the Board which may render the financial results of the Group to be false or misleading in any material aspects. A balance and understandable assessment of the Group's performance and financial position with a commentary of the significant trends and competitive conditions of the industry in which the Group operates is provided to the Shareholders on a quarterly basis.

The Management is accountable to the Board and presents to the Board, quarterly and full year financial results after the same are reviewed by the AC. The Board reviews and approves the results and authorises the release of results to the public via SGXNET.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

DG: Guideline 11.3

The Board is responsible for the governance of risk. The Board ensures that a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets is maintained by the Management. The internal controls are intended to provide reasonable but not absolute assurance against material misstatements or losses and include the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2016.

The Board has received assurance from the Chairman and CEO and the Group Financial Controller as well as the internal auditors that for the financial year under review, the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

RISK MANAGEMENT COMMITTEE ("RMC")

The RMC comprises 4 members who are appropriately qualified with relevant expertise and experience to discharge their responsibilities. The chairman of the RMC is Ng Shin Ein and the other 3 members are Zhong Sheng Jian, Ng Ser Miang and Ng Jui Ping. The majority of the members of the RMC, including its chairman, are independent. The RMC is guided by its terms of reference which set out its responsibilities including:

(a) identifying, measuring, managing and controlling risks that may have a significant impact on the Group's property development activities;

(b) reviewing and assessing the Group's risk related policies and methodologies; and

(c) considering and reviewing matters that may have a significant impact on the stability and integrity of the property market in the People's Republic of China.

The Board, with the assistance of the RMC, reviews the Company's risk practices and procedures, and oversee the Management in the design, implementation and monitoring of the risk management system.

PRINCIPLE 12: AUDIT COMMITTEE ("AC")

DG: Guideline 12.6

The AC comprises 3 independent and non-executive directors who are appropriately qualified with relevant expertise and experience to discharge their responsibilities. The chairman of the AC is Ronald Seah Lim Siang and the other 2 members are Ng Shin Ein and Ng Jui Ping. The AC is guided by its terms of reference which set out its responsibilities.

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC provides a channel of communication between the Board, the Management and the external auditors on matters relating to audit.

The duties of the AC include:

(a) review with the external auditors and where applicable, our internal auditors, their audit plans, their evaluation of the system of internal accounting controls, their letters to Management and the Management's response;

(b) review quarterly and annual financial results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(c) review and report to the Board the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss issues and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

(e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

(f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

(g) review potential conflicts of interest, if any;

(h) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(i) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

The AC meets, at a minimum, on a quarterly basis. In the event that a member of the AC is interested in any matter being considered by the AC, he / she would abstain from reviewing that particular transaction or voting on that particular resolution. If necessary, the AC also meets with the internal and external auditors without the presence of Management. The internal and external auditors have unrestricted access to the AC and vice versa. The AC has been given full access to and co-operation of the Management and has reasonable resources to enable it to discharge its function properly. None of the former partners or directors of the Company's existing auditing firm is a member of the AC.

The Group incurred an aggregate amount of fees of approximately RMB4.3 million (excluding out of pocket expenses and goods and services tax and converted at a rate of SGD1 = RMB4.60) to the external auditors, Deloitte & Touche LLP, Singapore and Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shanghai, PRC (collectively, "Deloitte"), comprising audit fees of approximately RMB3.8 million and non-audit services fee of approximately RMB0.5 million for the year under review. In compliance with Rule 1207(6)(b) of the Listing Manual, the AC confirmed that it has undertaken a review of all non-audit services provided by Deloitte and they would not, in the AC's opinion, affect the independence of Deloitte. In reviewing the nomination of Deloitte for the re-appointment, the AC has also considered the adequacy of the resources, experience and competence of Deloitte and has taken into account the audit quality indicators relating to Deloitte at both firm and audit engagement level.

CORPORATE GOVERNANCE STATEMENT

The Group has complied with Rules 712 and 715 of the Listing Manual in appointing the audit firms for the Group, its foreign subsidiaries and associated companies.

The AC held 4 meetings (other than passing of resolutions by way of circulations) during the year and carried out its duties as set out within its terms of reference including matters such as reviewing and recommending the relevant financial results to the Board before the same are released on SGXNET, reviewing the internal audit reports and reviewing the re-appointment of external auditors and the audit fees. The AC will also be briefed and updated of any changes to accounting standards and issues which may have direct impact on financial statements from time to time where necessary.

AC Commentary on Significant Matters:

Significant matters	**How the AC reviewed these matters and what decisions were made**
Assessment of recoverable amounts for properties for development, properties under development for sale and completed properties for sale (the "Properties")	The AC considered the management's approach and methodology applied in determining whether the Group's Properties are impaired and the amount of impairment to be recorded, if any. The AC reviewed the management assumptions relating to the reasonableness of the future sales and projected construction costs used in the management assessment. The assessment of recoverable amounts for the Group's Properties was an area of focus for the external auditor, who has included this as a key audit matter for the financial year ended December 31, 2016. Refer to page 60 of this Annual Report.
Valuation of investment properties	The AC considered the approach and methodology applied by the independent professional valuer to the valuation model in assessing the valuation of investment properties as at year end. The AC reviewed the reasonableness of the key assumptions used in the valuation, which include (i) price per square metre; (ii) capitalisation rates; (iii) market rent per square metre per month. The valuation of investment properties was an area of focus for the external auditor, who has included this as a key audit matter in its audit report for the financial year ended December 31, 2016. Refer to page 61 of this Annual Report.
Land appreciation tax ("LAT")	The AC considered the management's approach and methodology used in the Group's LAT computations. The AC reviewed the reasonableness of management's judgements taken relating to management's provisioning for LAT as at year end. LAT was an area of focus for the external auditor, who has included this item as a key audit matter in its audit report for the financial year ended December 31, 2016. Refer to page 62 of this Annual Report.

The Company has in place a whistle-blowing policy which provides an avenue for employees of the Group and any other persons to raise concerns about possible improprieties in matters of financial reporting, accounting or auditing, internal controls or internal accounting controls and other operational matters ("Complaint"). The Company believes that it is in the best interests of the Group to promote a working environment conducive for employees and any other persons to raise or report their concerns. Every Complaint raise shall be lodged with the Internal Audit Manager of the Company. The internal audit department maintains a complaint register for the purposes of recording details of such Complaints. The whistle-blowing procedure is set out below:–

1. Definitions

The following words as used shall have the meanings ascribed here:

1.1 "Possible Malpractice" means any activity, breach of business conduct and ethics or omission by an employee of the Group or any concerns regarding accounting or auditing matters, internal controls or internal accounting controls and other operational matters that are either questionable or not in accordance with accepted accounting practices and / or trade practices prescribed by the Group.

1.2 "Complaint" means any complaint alleging either Possible Malpractices or Retaliatory Action.

1.3 "Retaliatory Action" means the use or attempted use of force, authority, intimidation, threat, undue pressure of any kind or any other negative or other inappropriate action, by any employee or officer of the Group, against any person who has filed a Complaint.

2. Reporting of Possible Malpractices

The Company believes that it is in the best interests of the Group to promote a working environment conducive for employees and any other persons to raise or report genuine concerns about Possible Malpractices in matters of financial reporting or other matters in strict confidence, (please refer to item 1.1) they may encounter, without fear of Retaliatory Action.

3. Procedure

3.1 Lodging a Complaint

3.1.1 Every Complaint shall be lodged with the Internal Audit Manager of the Company by the following means:–

1) By Email

Email address: patrick@yanlord.com.hk
Attention: The Internal Audit Manager

OR

2) By Mail

Attention: The Internal Audit Manager
Address: 38F Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(Mark envelope "Private and Confidential")

All correspondence shall be treated with the strictest confidence.

3.1.2 The complainant must provide his / her particulars ("Particulars") as follows:

3.1.2.1 In the case of employee of the Group:–
- (a) Name;
- (b) Department / Company;
- (c) Contact Number; and
- (d) Email if available.

3.1.2.2 In the case of any other person:–
- (a) Name;
- (b) Correspondence Address / Company;
- (c) Contact Number; and
- (d) Email if available.

The Complaint would not be attended to if the Particulars are not stated. Each complainant is required to provide the Particulars to allegations because appropriate follow-up questions and investigations may not be possible unless the source of the information is identified. By providing the Particulars to the Company, each complainant agrees for the Company to use and disclose the Particulars for purposes of the Complaint.

3.2 **Confidentiality of Identity**

Every effort will be made to protect the complainant's identity. The identity of the complainant shall be confidential save where:

3.2.1 the identity of the complainant, in the opinion of the AC, is material to any investigation;

3.2.2 it is required by law, or by the order or directive of a court of law, regulatory body or by the Singapore Exchange or such other body that has the jurisdiction and authority of the law to require such identity to be revealed;

3.2.3 the AC with the concurrence of the Board of Directors opined that it would be in the best interests of the Group to disclose the identity;

3.2.4 it is determined that the Complaint was frivolous, in bad faith, or in abuse of these policies and procedures and lodged with malicious or mischievous intent; or

3.2.5 the identity of such complainant is already in the public domain.

PRINCIPLE 13: INTERNAL AUDIT

DG: Guideline 13.1

The Group has an in-house internal audit function ("Internal Audit") that is independent of the activities it audits. The Internal Audit is also staffed with persons of relevant qualifications and experience. The Internal Audit reports directly to the AC chairman, and administratively to the Chairman and CEO. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The key role of the Internal Audit is to promote effective internal controls in the Group and to monitor the performance and effective application of internal controls procedures. The Internal Audit carries out its function according to the standard set by internationally recognised professional bodies. The AC is satisfied that the Company's internal audit function is adequately resourced and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

All Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights.

In-line with continuous disclosure obligations of the Company, the Board's policy is that Shareholders be informed promptly of any major development that may have a material impact on the Group's performance and affect the price or value of the Company's shares. Information is communicated to Shareholders on a timely basis, through annual reports that are to be issued to all Shareholders within the mandatory period, quarterly financial statements announcements, press releases and other relevant announcements via SGXNET. The Company does not practice selective disclosure.

All the general meetings of Shareholders are held in Singapore to ensure that Shareholders have the opportunity to participate and vote at the general meetings. Shareholders are informed of the relevant rules including procedures that govern general meetings of Shareholders.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

DG: Guideline 15.4
DG: Guideline 15.5

The Company has a team of investor relations staff to promote regular, effective and fair communication with Shareholders and investors. In addition to disclosing relevant information of the Group via SGXNET as set out above, the Company also operates its corporate website at www.yanlordland.com through which Shareholders will be able to access updated information on the Group. The website provides corporate announcements, press releases and other information of the Group. The Group participated in activities such as global investor conferences, analyst briefings and roadshows to solicit and understand the views of the Shareholders and investors. A brief write-up of the Group's investor relations activities can be found in the 2016 Annual Report.

Declaration of dividends, if any, are clearly communicated to Shareholders and where dividends are not paid, explanations are given to the Shareholders too. Such communications with Shareholders are made via SGXNET announcements.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

All registered Shareholders are invited to participate and given the right to vote on resolutions at general meetings. Each of the Shareholders would be given a CD Rom containing the annual report, notice of the general meeting and proxy form. The printed copies of the annual report are available to the Shareholders upon their requests. Notices of general meetings are published on the press and issued by way of an announcement via SGXNET. If any individual Shareholder is unable to attend the general meeting in person, he / she may appoint not more than two proxies in accordance with the provision of the Constitution for the proxies to attend and vote on his / her behalf at the general meeting. A member of the Company who is a relevant intermediary (as defined in Section 181(6) of the Act is entitled to appoint more than two proxies to attend and vote in general meetings pursuant to Section 181(1C) of the Act. At the general meetings, Shareholders will be given the opportunity to express their views and make enquiries regarding the business and operations of the Group. Voting in absentia by mail, facsimile or email is currently not allowed as such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and the authenticity of the Shareholders' identity. Separate resolutions are proposed for substantially separate issues at the general meetings.

In FY2016, all directors on board including our four independent directors and the external auditors attended the annual general meeting of the Company held on 28 April 2016. The directors always strive to attend all general meetings of Shareholders to address Shareholders' queries.

Since 2015, all resolutions at its all general meetings have been voted by way of an electronic poll so as to better reflect shareholders' interest and to ensure transparency in the voting process. The voting outcome for each resolution was presented to the Shareholders in real-time at the general meetings immediately after each resolution was put to vote and the outcomes of all resolutions were subsequently disclosed in accordance with the prescribed format pursuant to Chapter 7 of the Listing Manual via SGXNET. Company prepared minutes of the general meetings in accordance with the recommendation of the Code.

DEALINGS IN SECURITIES

The Company has adopted and implemented an internal compliance code to provide guidance to its directors and key employees in relation to the dealings in its securities issued by the SGX. Directors and key employees who have access to material price sensitive information are prohibited from dealing in securities of the Company prior to the announcement of such information. They are also prohibited from dealing in the Company's securities one month prior to the announcement of the Company's full year financial statements and two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and are further prohibited from dealing in the Company's securities on short-term considerations.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting ("AGM") of Yanlord Land Group Limited ("Company" or "Yanlord") will be held on Thursday, 27 April 2017 at 2.00 p.m. at Capricorn and Leo, Marina Mandarin Singapore, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 to transact the following business:

AS ROUTINE BUSINESS

1. To receive and adopt the directors' statement and the audited financial statements for the financial year ended 31 December 2016 together with the auditors' report thereon. **(Resolution 1)**

2. To declare a first and final (one-tier) tax-exempt dividend of 4.35 Singapore cents (equivalent to approximately 20.86 Renminbi cents) per ordinary share for the year ended 31 December 2016. **(Resolution 2)**

3. To approve the payment of Directors' Fees of S$400,000 (equivalent to approximately RMB1,915,920) for the year ended 31 December 2016 (FY2015: S$400,000, equivalent to approximately RMB1,816,830). **(Resolution 3)**

4. To re-elect the following Directors, each of whom will retire pursuant to Regulation 91 of the Constitution of the Company and who, being eligible, offer themselves for re-election:

   a) Ronald Seah Lim Siang **(Resolution 4a)**
   b) Ng Ser Miang **(Resolution 4b)**
   c) Zhong Sheng Jian **(Resolution 4c)**

   (Detailed information of these Directors can be found in the Company's Annual Report 2016, under the section of the "Board of Directors".)

5. To re-elect Zhong Ming, a Director who is retiring pursuant to Regulation 97 of the Constitution of the Company and who, being eligible, offers himself for re-election. **(Resolution 5)**

   (Detailed information of Zhong Ming can be found in the Company's Annual Report 2016, under the section of the "Board of Directors".)

6. To re-appoint Messrs Deloitte & Touche LLP, Singapore as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without any amendments, the following resolutions as Ordinary Resolutions:

7A. That pursuant to Section 161 of the Companies Act, Cap. 50 ("Act") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:-

(a) (i) allot and issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and / or

(ii) make or grant offers, agreements or options (collectively, "Instruments" and each, an "Instrument") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares shall be based on the total number of issued Shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, after adjusting for:-

(i) new Shares arising from the conversion or exercise of any convertible securities or share options on issue at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is earlier. **(Resolution 7)**

7B. That:-

(1) for the purposes of sections 76C and 76E of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or acquire issued and fully paid Shares not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:-

(a) market purchases on the SGX-ST ("Market Purchase"); and / or

(b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act ("Off-Market Purchase"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being applicable, be and is hereby authorised and approved generally and unconditionally ("Share Buyback Mandate");

(2) unless varied or revoked by the members of the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-

(a) the date on which the next AGM of the Company is held; or

(b) the date by which the next AGM of the Company is required by law to be held.

In this Resolution:-

"Maximum Percentage" means that number of issued Shares representing not more than 10% of the total number of issued Shares as at date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:-

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

"Average Closing Price" means the average of the closing prices of a Share over the last five (5) market days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

(3) the Directors of the Company and / or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and / or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and / or authorised by this Resolution.

(Resolution 8)

8. To transact any other ordinary business which may properly be transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN THAT the Share Transfer Book and Register of Members of the Company will be closed on 23 May 2017, for the purpose of determining the shareholders' entitlements to the first and final (one-tier) tax-exempt dividend of 4.35 Singapore cents (equivalent to approximately 20.86 Renminbi cents) per ordinary share for the year ended 31 December 2016 ("Proposed Dividend") to be proposed at the AGM of the Company to be held on 27 April 2017.

Duly completed registrable transfers in respect of Shares of the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 22 May 2017 will be registered to determine shareholders' entitlements to the Proposed Dividend. Shareholders whose securities accounts with the Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 22 May 2017 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the forthcoming AGM, will be paid on 5 June 2017.

BY ORDER OF THE BOARD
Lim Poh Choo
Company Secretary

10 April 2017
Singapore

Notes to Notice of AGM:

(i) A member of the Company who is not a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf.

(ii) A member of the Company who is a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Act.

(iii) A proxy need not be a member of the Company.

(iv) The instrument appointing a proxy must be deposited at the registered office of the Company at 9 Temasek Boulevard #36-02 Suntec Tower Two Singapore 038989 not less than 48 hours before the time fixed for holding the AGM.

(v) Resolution 4a: Ronald Seah Lim Siang who is the lead independent director will, upon re-appointment as a Director of the Company, remain as Chairman of the Audit Committee, member of the Nominating Committee and member of the Remuneration Committee.

(vi) Resolution 4b: Ng Ser Miang who is an independent director will, upon re-appointment as a Director of the Company, remain as Chairman of the Nominating Committee and member of the Risk Management Committee.

(vii) Resolution 7, if passed, is to empower the Directors from the date of the AGM to be held on 27 April 2017 until the date of next AGM, to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent. (50%) of the total number issued Shares excluding treasury shares in the capital of the Company with a sub-limit of twenty per cent. (20%) for issues other than on a pro-rata basis to shareholders (calculated as described above).

(viii) Resolution 8 relates to the renewal of the Share Buyback Mandate which was originally approved by shareholders on 2 April 2009. Please refer to Appendix I to this Notice of AGM for details.

Personal Data Privacy:

By attending the AGM and / or any adjournment thereof and / or submitting an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the AGM and / or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and / or guidelines (collectively, the "Purposes"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and / or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and / or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

YANLORD LAND GROUP LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 200601911K

IMPORTANT:
1. A Relevant Intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (Please refer to Note 3 for the details).
2. This Proxy Form is not valid for use by CPF / SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF / SRS investors should contact their respective Agent Banks If they have any queries regarding their appointment as proxies.

PROXY FORM

ANNUAL GENERAL MEETING

I / We____(Name)

of ____(Address)

being a member / members of Yanlord Land Group Limited (the "Company" or "Yanlord") hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			No. of Shares	%
(a)				

and / or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			No. of Shares	%
(b)				

or failing him / her, the Chairman of the annual general meeting of the Company ("AGM") to be held at Capricorn and Leo, Marina Mandarin Singapore, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, 27 April 2017 at 2.00 p.m. and at any adjournment thereof, as my / our proxy / proxies to attend and vote for me / us on my / our behalf at the AGM.

Note: In compliance with Rule 730A(2) of the SGX Mainboard Listing Rules, the Chairman of the AGM will be exercising his right under Regulation 61(i) of the Constitution of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Resolutions	No. of Votes	
		For*	Against*
	ROUTINE BUSINESS		
1	Adoption of Directors' Statement, Auditor's Report and Accounts		
2	Declaration of Dividend		
3	Approval of Directors' Fees		
4	(a) Re-election of Ronald Seah Lim Siang as Director		
	(b) Re-election of Ng Ser Miang as Director		
	(c) Re-election of Zhong Sheng Jian as Director		
5	Re-election of Zhong Ming as Director		
6	Re-appointment of Auditors		
	SPECIAL BUSINESS		
7	Authority for Directors to issue shares and convertible securities		
8	Renewal of Share Buyback Mandate		

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, each proxy will vote or abstain as the proxy deems fit.

Dated this ________ day of ________________ 2017

Total number of Shares held

____

____

Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON THE REVERSE

Fold this flap for sealing

PROXY FORM

Affix
Stamp
Here

THE COMPANY SECRETARY
YANLORD LAND GROUP LIMITED
9 Temasek Boulevard
#36-02 Suntec Tower Two
Singapore 038989

Fold here

Fold here

NOTES TO PROXY FORM:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Cap. 289), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company who is not a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member of the Company who is a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap 50.
8. The Company shall be entitled to reject an instrument appointing a proxy / proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor is not ascertainable from the instructions of the appointor contained in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Temasek Boulevard #36-02 Suntec Tower Two Singapore 038989 not less than 48 hours before the time fixed for the AGM.
10. By submitting an instrument appointing a proxy(ies) and / or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 April 2017.
11. Completion and return of this instrument appointing proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the AGM.

Sanya Hai Tang Bay – Land Parcel 9
三亚海棠湾 – 9号地块

仁 恒
YANLORD

Yanlord Land Group Limited
仁恒置地集团有限公司

Registration No. 200601911K

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Tel: (65) 6336 2922
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www.yanlordland.com

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MIX
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This annual report has been produced by a printer certified according to the standards from the Forest Stewardship Council™ (FSC™), and has been printed on environmentally-friendly paper in accordance to the FSC standard.