COUNTRY GARDEN HOLDINGS COMPANY LIMITED
碧桂園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2016, the Group together with its joint ventures and associates achieved contracted sales of approximately RMB308.84 billion with contracted sales GFA of approximately 37.47 million sq.m., representing a significant year-on-year increase of 120.3% and 74.0% respectively.

- Cash collected from sales of properties totalled approximately RMB284.08 billion, representing a significant year-on-year increase of 142.8% and as a result the Group generated positive net operating cash flow this year.

- As at 31 December 2016, the Group's net gearing ratio was 48.7%, representing a decrease of 11.3 percentage points compared with that of 2015.

- For the year of 2016, the Group's total revenue rose by about 35.2% year on year to approximately RMB153.09 billion. Revenue from the property development segment grew by 35.4% year on year to approximately RMB148.18 billion.

- The Group's gross profit increased by 41.0% year on year to approximately RMB32.24 billion.

- The profit attributable to the owners of the Company rose by 24.2% year on year to approximately RMB11.52 billion.

- The Group's core net profit[1] rose by 22.3% year on year to RMB11.98 billion.

- The Group's basic earnings per share rose by 22.6% year on year to RMB52.17 cents.

- The Board recommended payment of a final dividend of RMB10.20 cents per share in the form of cash, up by 57.7% year on year. The total annual dividend reached RMB17.12 cents per share. The total annual dividend will equal to 31% of the core net profit.

1 It represents profit attributable to owners of the Company excluding the post-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financing activities, loss on early redemption of senior notes and changes in fair value of derivative financial instruments.

The board (the "**Board**") of directors (the "**Director(s)**") of Country Garden Holdings Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**" or "**Country Garden**") for the year ended 31 December 2016.

BUSINESS REVIEW AND OUTLOOK

In 2016, China's property market was booming in contrast with oversea observers' reservations about the market. By the same token, Country Garden was making bold strides while most of its peers were trying cautiously to follow suit. As of 31 December 2016, the Group together with its joint ventures and associates' contracted sales rose by 120.3% year on year to approximately RMB308.84 billion; the Group's total revenue increased by 35.2% year on year to approximately RMB153.09 billion, gross profit grew by 41.0% year on year to approximately RMB32.24 billion, and core net profit increased by 22.3% year on year to approximately RMB11.98 billion. The great achievements were not only brought by China's economic development but also reflected the determination of China's enterprises to thrive. In addition, China's urbanization is far from over. A breakdown of the Group's domestic contracted sales by its target markets showed that 59% of the Group's sales were derived from the projects which targeted the first and second-tier cities in China, and 41% from those that targeted the third and fourth-tier cities. The adaptation to different markets and a more balanced land bank are the key to counteracting market fluctuations and enabling the Group to grow consistently. Country Garden will strive for further improvement and generate more value for the shareholders.

A surge in contracted sales to over RMB300 billion for 2016 is an achievement that takes not only conviction and courage but also restraint and decisiveness. The robust capital structure helps the Group to cope with the ups and downs of an economic cycle in the future: it accelerates the Group's development amid the market's uptrend and buffers the impact of a downturn. As at 31 December 2016, the net gearing ratio of the Group decreased by 11.3 percentage points year on year to 48.7%. The weighted average borrowing cost was 5.66%, which was down by 54 basis points year on year. Cash and bank deposits (including restricted cash) amounted to approximately RMB96.49 billion, and undrawn bank facilities were approximately RMB162.84 billion. The Group has been recognised by credit rating agencies and major financial institutions for its sound financial position which was backed by sufficient working capital. The Group's capability to withstand risks has been further enhanced.

In addition, Country Garden has to view things at a high altitude and be visionary. The Group's steady oversea business development has gradually yielded good results. The Group has formed a joint venture with the government of Johor State in Malaysia to develop Forest City, a project of long-term and strategic significance, for a term of more than 20 years. Forest City has a site area of approximately 20 square kilometers for development and it has been well-received in the international markets. Meanwhile, as the construction of Forest City is on a roll-over basis according to the progress in its sales and market response, the project has achieved positive net cash flow, and its own capital is sufficient to support its own development. The profit margin of the project is predicted to be much higher than those of the Group's other projects which are being undertaken in the same period in China, and will contribute to the Group's profit with the revenues from sales of properties of the project are recognised in the future. Country Garden has proved itself a leading property developer with great competitiveness in various markets all over the world. In the future, the Group will keep developing oversea markets at a steady pace.

The more competitive the Group gets, the more responsibilities the Group has. Country Garden upholds the corporate values of "being good to people and good to society", and strives for improvement in operating the community and benefiting home owners. As at 31 December 2016, the Group undertook contracts to manage properties with total gross floor area ("**GFA**") of approximately 210 million sq.m. for approximately 1 million home owners in 223 cities across 27 provinces in China. The Group's property management and community-related businesses generated revenue of approximately RMB1,959 million, up by 33.3% year on year. The business segment also recorded an operating profit of approximately RMB406 million, up by 59.7% year on year. In the future, the Group will leverage on the capital market to develop this business segment so as to enrich its sources of income and enhance its business value.

Country Garden can't enhance its competitiveness without the best team. As a business operator, the Group always focuses on the "people". Country Garden attracted top talents with excellent incentives. The Group has adopted a partnership scheme since October 2014. As at 31 December 2016, the partnership scheme was introduced to a total of 583 property projects, which recorded aggregate contracted sales of approximately RMB261.2 billion. The average net profit margin of the contracted sales at such projects under the partnership scheme is estimated to be about 12%, and positive net cash flow is estimated to be achieved at such projects in 8.4 months. The mechanism has ensured that the professional managers and shareholders can "share the gains together and work together as a cohesive group". As a result, Country Garden has recruited a large number of top talents in the industry, including 403 holders of PhDs, and these talents would gradually become the core managers of the Group. In the future, the Group will continue to build a team of professional and excellent property managers, and is gearing up for greater accomplishments.

The Group has a vision of itself thriving on tests and applying its practical experience to its business. Founded in 1992 and listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in 2007, Country Garden has been growing stronger and aspiring to higher goals in face of market regulation and competition. This is the key to the Group's survival and the driving force behind its endeavours to scale new heights. Since Country Garden can't predict the future or the capital market's preferences, the right way to cope with the situation is to excel in what the Group does. Country Garden needs to be perceptive to the changes and be receptive to opinions and new ideas from the market. Country Garden will also remain committed to providing state-of-the-art products while staying aware of the market and costs of operations. All these can help making us invincible.

Country Garden aspires to a higher goal, and will pursue it through thick and thin. Country Garden will not stop taking on challenges, and will continue to build reasonably-priced, high-quality housing for people all over the world. Country Garden hopes to create a better society with our existence.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**20,877,029**	20,019,841
Investment properties		**9,773,430**	8,686,295
Intangible assets		**239,367**	121,539
Land use rights		**2,536,458**	2,052,170
Properties under development		**52,342,374**	52,727,068
Investments in joint ventures		**7,311,153**	803,934
Investments in associates		**3,873,349**	884,492
Financial assets at fair value through other comprehensive income		**870,734**	–
Available-for-sale financial assets		**–**	214,998
Derivative financial instruments		**1,034,387**	–
Trade and other receivables	*4*	**55,500**	642,950
Deferred income tax assets		**7,822,313**	3,786,942
		106,736,094	89,940,229
Current assets			
Properties under development		**216,383,252**	135,107,046
Completed properties held for sale		**30,885,254**	34,114,127
Inventories		**2,203,727**	1,978,437
Trade and other receivables	*4*	**117,321,747**	42,242,116
Prepaid taxes		**14,042,259**	9,490,355
Restricted cash		**11,843,988**	11,637,126
Cash and cash equivalents		**84,646,899**	36,240,752
Financial assets at fair value through profit or loss	*5*	**7,321,236**	1,188,096
Derivative financial instruments		**187,145**	18,043
		484,835,507	272,016,098

		As at 31 December	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Current liabilities			
Advanced proceeds received from customers		**192,408,932**	96,516,079
Trade and other payables	*6*	**151,789,260**	73,385,200
Receipts under securitisation arrangements		**7,043,440**	–
Current income tax liabilities		**15,310,412**	8,905,412
Corporate bonds	*7*	**8,207,477**	–
Bank and other borrowings		**30,512,725**	22,778,038
Derivative financial instruments		**41,762**	10,198
		405,314,008	201,594,927
Net current assets		**79,521,499**	70,421,171
Total assets less current liabilities		**186,257,593**	160,361,400
Non-current liabilities			
Senior notes		**29,264,448**	20,878,179
Corporate bonds	*7*	**29,502,147**	15,258,499
Bank and other borrowings		**38,710,079**	30,829,079
Deferred government grants		**237,445**	239,520
Deferred income tax liabilities		**6,928,304**	3,815,717
		104,642,423	71,020,994
Equity attributable to owners of the Company			
Share capital and premium	*8*	**25,677,217**	29,212,611
Other reserves		**4,484,042**	3,942,139
Retained earnings		**39,967,106**	32,135,960
		70,128,365	65,290,710
Non-controlling interests			
Perpetual capital securities		**–**	19,528,000
Other non-controlling interests		**11,486,805**	4,521,696
		11,486,805	24,049,696
Total equity		**81,615,170**	89,340,406
Total equity and non-current liabilities		**186,257,593**	160,361,400

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**153,086,977**	113,222,640
Cost of sales		**(120,850,891)**	(90,359,341)
Gross profit		**32,236,086**	22,863,299
Other income and gains — net	*9*	**1,530,465**	423,985
Gains arising from changes in fair value of and transfer to investment properties		**711,604**	809,812
Selling and marketing costs		**(7,383,618)**	(4,688,695)
Administrative expenses		**(4,970,364)**	(3,230,024)
Operating profit		**22,124,173**	16,178,377
Finance income	*10*	**532,870**	221,079
Finance costs	*10*	**(1,628,175)**	(1,510,589)
Finance costs — net	*10*	**(1,095,305)**	(1,289,510)
Share of results of joint ventures and associates		**361,704**	(55,758)
Profit before income tax		**21,390,572**	14,833,109
Income tax expenses	*11*	**(7,727,349)**	(5,121,428)
Profit for the year		**13,663,223**	9,711,681
Profit attributable to:			
— Owners of the Company		**11,516,815**	9,276,485
— Non-controlling interests			
Perpetual capital securities		**1,409,534**	356,104
Other non-controlling interests		**736,874**	79,092
		2,146,408	435,196
		13,663,223	9,711,681

	Note	Year ended 31 December 2016 RMB'000	2015 RMB'000
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
— Change in fair value of financial assets at fair value through other comprehensive income, net of tax		**45,921**	–
Items that may be reclassified to profit or loss:			
— Change in fair value of available-for-sale financial assets, net of tax		**–**	4,748
— Deferred gains on cash flow hedges, net of tax		**89,982**	–
— Deferred costs of hedging, net of tax		**(295,901)**	–
— Currency translation differences		**299,455**	(899,069)
Total other comprehensive income/(loss) for the year, net of tax		**139,457**	(894,321)
Total comprehensive income for the year		**13,802,680**	8,817,360
Total comprehensive income attributable to:			
— Owners of the Company		**11,585,197**	8,453,384
— Non-controlling interests			
Perpetual capital securities		**1,409,534**	356,104
Other non-controlling interests		**807,949**	7,872
		2,217,483	363,976
		13,802,680	8,817,360
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic	*13*	**52.17**	42.54
Diluted	*13*	**52.13**	42.53
Dividends			
Interim dividend paid	*12*	**1,556,610**	1,463,704
Final dividend proposed	*12*	**2,177,317**	1,448,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Changes in accounting policy and disclosures

(i) The new or revised standards, amendments and interpretations to existing standards, which are mandatory for the financial year beginning on 1 January 2016, are either currently not relevant to the Group or had no material impact on the Group's consolidated financial statements.

(ii) New and revised standards and amendments to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted

		Effective for the financial year beginning on or after
HKAS 12 (Amendments)	Income taxes	1 January 2017
HKAS 7 (Amendments)	Statement of cash flows	1 January 2017
HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

The above new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except HKFRS 15 set out below:

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

- Revenue from pre-sales of properties under development may not be recognised at a point in time. Instead, some may be resulted in recognition of revenue over a period of time depending on the terms of the contract;

- The timing of revenue recognition for sale of completed properties held for sale, which is currently based on whether significant risk and reward of ownership of properties transfer, may be different under the control transfer model; and

- The Group currently offers different payment plans to customers, which may have to adjust the transaction price for revenue recognition when significant financial component exists.

(iii) New standard early adopted by the Group

HKFRS 9 Financial Instruments ("HKFRS 9") addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Group has elected to apply HKFRS 9 as issued in July 2014 from 1 January 2016, because the new accounting policies provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows. See note 2 for further details on the impact of the change in accounting policy.

2 Early adoption of HKFRS 9

As explained in note 1(iii) above, the Group has early adopted HKFRS 9 as issued in July 2014 from 1 January 2016, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings. Provisions for impairment have not been restated in the comparative period, as well.

The accounting policies were changed to comply with HKFRS 9. HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("HKAS39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 Financial Instruments — Disclosures.

(i) Classification and measurement of financial instruments

The total impact on the Group's retained earnings due to classification and measurement of financial instruments as at 1 January 2016 is as follows:

	Note	*RMB'000*
Opening retained earnings — HKAS 39		32,135,960
Increase in provision for loans to related and third parties, net of tax	*2(iii)(a)*	(69,838)
Increase in provision for trade and other receivables (excluding prepayments and loans to related and third parties), net of tax	*2(iii)(b)*	(258,094)
Adjustment to retained earnings from adoption of HKFRS 9		(327,932)
Opening retained earnings — HKFRS 9		31,808,028

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2016) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost. The main effects resulting from this reclassification are as follows:

At 1 January 2016	**Available-for-sale financial assets ("AFS")** *RMB'000*	**Financial assets at fair value through other comprehensive income ("FATOCI")** *RMB'000*
Opening balance — HKAS 39	214,998	–
Reclassify non-trading unlisted equity securities from AFS to FATOCI	(214,998)	214,998
Opening balance — HKFRS 9	–	214,998

The main effects resulting from this reclassification on the Group's equity is as follows:

At 1 January 2016	**AFS reserve**	**FATOCI reserve**
	RMB'000	*RMB'000*
Opening balance — HKAS 39	13,415	–
Reclassify non-trading unlisted equity securities from AFS to FATOCI	(13,415)	13,415
Opening balance — HKFRS 9	–	13,415

Equity interest in an unlisted investment fund company with a fair value of RMB214,998,000 was reclassified from AFS to FATOCI and the accumulated fair value gain of RMB13,415,000 were reclassified from the AFS reserve to the FATOCI reserve on 1 January 2016.

There is no impact on the Group's accounting for financial liabilities except for derivative financial instruments. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

(ii) Derivatives and hedging activities

In prior years, the change in fair value of the entire forward contracts was recognised in profit or loss.

Upon adoption of HKFRS 9, the Group now recognises changes in the fair value of foreign exchange forward contracts, foreign exchange structured derivatives and cross currency swaps attributable to forward points in the costs of hedging reserve within equity. The deferred costs of hedging is amortised on a systematic and rational basis to profit or loss over the period.

(iii) Impairment of financial assets

The Group has two types of financial assets at amortised cost subject to HKFRS 9's new expected credit loss model:

- loans to related and third parties
- trade and other receivables (excluding prepayments and loans to related and third parties)

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets.

(a) Loans to related and third parties

For loans to related and third parties already in place at 1 January 2016, the Group has determined that reliably assessing the probability of default at the initial recognition of each loan to related and third parties would result in undue cost and effort. As permitted by HKFRS 9, the credit provision will be determined based on whether credit risk is low only at each reporting date, until the loan is derecognised. RMB69,838,000 was recognised in retained earnings as at 1 January 2016 for those loans whose credit risk has been assessed as other than low and the impairment methodology has been applied.

(b) *Trade and other receivables (excluding prepayments and loans to related and third parties)*

For trade and other receivables (excluding prepayments and loans to related and third parties), the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade and other receivables (excluding prepayments and loans to related and third parties). RMB258,094,000 was recognised in retained earnings as at 1 January 2016 for those trade and other receivables (excluding prepayments and loans to related and third parties) whose credit risk has been assessed as other than low and the impairment methodology has been applied.

3 Segment information

The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors has determined the operating segments based on these reports.

The executive directors assess the performance of the Group organised into five business segments as follows:

- Property development;
- Construction, fitting and decoration;
- Property investment;
- Property management; and
- Hotel operation.

The executive directors assess the performance of the operating segments based on a measure of operating profit adjusted by excluding fair value changes on derivative financial instruments and including share of results of joint ventures and associates.

Segment assets consist primarily of property, plant and equipment, intangible assets, land use rights, investment properties, properties under development, completed properties held for sale, inventories, receivables and operating cash. They exclude deferred income tax assets, available-for-sale financial assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss and derivative financial instruments. Segment liabilities consist primarily of operating liabilities. They exclude senior notes, corporate bonds, receipts under securitisation arrangements, bank and other borrowings, current and deferred income tax liabilities and derivative financial instruments.

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

Revenue consists of the following:

	2016	2015
	RMB'000	*RMB'000*
Sales of properties	**148,180,135**	109,460,370
Rendering of construction, fitting and decoration services	**1,143,012**	746,355
Rental income	**97,136**	91,747
Rendering of property management services	**1,959,060**	1,469,307
Rendering of hotel services	**1,707,634**	1,454,861
	153,086,977	113,222,640

Sales between segments are carried out according to the terms and condition agreed by the respective segments' management.

The Group's revenue is mainly attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2016 is as follows:

	Property development *RMB'000*	**Construction, fitting and decoration** *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Hotel operation** *RMB'000*	**Total Group** *RMB'000*
Segment revenue	**148,180,135**	**20,068,771**	**97,136**	**2,358,449**	**1,794,463**	**172,498,954**
Inter-segment revenue	**–**	**(18,925,759)**	**–**	**(399,389)**	**(86,829)**	**(19,411,977)**
Revenue (from external customers)	**148,180,135**	**1,143,012**	**97,136**	**1,959,060**	**1,707,634**	**153,086,977**
Depreciation and amortisation	**462,893**	**24,426**	**–**	**14,199**	**499,236**	**1,000,754**
Segment results	**21,086,754**	**207,356**	**717,628**	**405,531**	**(81,219)**	**22,336,050**
At 31 December 2016						
Total segment assets after elimination of inter-segment balances	**538,238,604**	**10,581,790**	**9,784,491**	**2,236,630**	**13,494,271**	**574,335,786**
Capital expenditure	**1,389,217**	**18,823**	**107,035**	**23,089**	**1,033,103**	**2,571,267**
Total segment liabilities after elimination of inter-segment balances	**335,241,443**	**6,838,329**	**12,768**	**1,378,201**	**964,896**	**344,435,637**

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2015 is as follows:

	Property development *RMB'000*	Construction, fitting and decoration *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Total Group *RMB'000*
Segment revenue	109,460,370	13,634,456	91,747	1,940,853	1,508,247	126,635,673
Inter-segment revenue	–	(12,888,101)	–	(471,546)	(53,386)	(13,413,033)
Revenue (from external customers)	109,460,370	746,355	91,747	1,469,307	1,454,861	113,222,640
Depreciation and amortisation	421,128	35,444	–	13,482	359,718	829,772
Segment results	14,975,696	170,418	903,529	253,864	(188,733)	16,114,774
At 31 December 2015						
Total segment assets after elimination of inter-segment balances	326,818,471	7,268,206	8,686,295	975,304	12,999,972	356,748,248
Capital expenditure	1,507,855	15,746	344,564	4,287	917,683	2,790,135
Total segment liabilities after elimination of inter-segment balances	160,280,150	8,180,750	8,011	737,945	933,943	170,140,799

As at 31 December 2016, segment assets of the property development segment included the amounts of investments in joint ventures and associates accounted for using the equity method totalling approximately RMB11,184,502,000 (2015: RMB1,688,426,000).

Reportable segment results are reconciled to net profit as follows:

	2016	2015
	RMB'000	*RMB'000*
Total segment results	**22,336,050**	16,114,774
Changes in fair value of derivative financial instruments	**149,827**	7,845
Finance costs — net	**(1,095,305)**	(1,289,510)
Profit before income tax	**21,390,572**	14,833,109
Income tax expenses	**(7,727,349)**	(5,121,428)
Profit for the year	**13,663,223**	9,711,681

Reportable segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	2016	2015
	RMB'000	*RMB'000*
Total segment assets after elimination of inter-segment balances	**574,335,786**	356,748,248
Deferred income tax assets	**7,822,313**	3,786,942
Financial assets at fair value through profit or loss	**7,321,236**	1,188,096
Available-for-sale financial assets	**–**	214,998
Financial assets at fair value through other comprehensive income	**870,734**	–
Derivative financial instruments	**1,221,532**	18,043
Total assets	**591,571,601**	361,956,327
Total segment liabilities after elimination of inter-segment balances	**344,435,637**	170,140,799
Deferred income tax liabilities	**6,928,304**	3,815,717
Current income tax liabilities	**15,310,412**	8,905,412
Senior notes	**29,264,448**	20,878,179
Bank and other borrowings	**69,222,804**	53,607,117
Corporate bonds	**37,709,624**	15,258,499
Receipts under securitisation arrangements	**7,043,440**	–
Derivative financial instruments	**41,762**	10,198
Total liabilities	**509,956,431**	272,615,921

4 Trade and other receivables

	2016	2015
	RMB'000	*RMB'000*
Included in current assets		
— Trade receivables — net *(note (a))*	**13,673,129**	14,764,833
— Other receivables — net *(note (b))*	**84,989,714**	18,335,324
— Loans to related and third parties — net	**1,969,159**	133,021
— Prepayments for land	**6,820,629**	4,275,331
— Other prepayments	**9,869,116**	4,733,607
	117,321,747	42,242,116
Included in non-current assets		
— Loans to related parties and third parties	**55,500**	642,950
	117,377,247	42,885,066

(a) Details of trade receivables are listed as follows:

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**13,728,684**	14,764,833
Less: allowance for impairment	**(55,555)**	–
Trade receivables — net	**13,673,129**	14,764,833

Trade receivables mainly arise from sales of properties. Property buyers are generally granted credit terms of 1 to 6 months. The ageing analysis of trade receivables based on revenue recognition date is as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**12,003,625**	12,706,910
Over 90 days and within 180 days	**714,221**	853,260
Over 180 days and within 365 days	**490,522**	821,220
Over 365 days	**520,316**	383,443
	13,728,684	14,764,833

At 31 December 2016 and 2015, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9. As at 31 December 2016, a provision of RMB55,555,000 was made against the gross amount of trade receivables (2015: nil).

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. Trade receivables were collateralised by the titles of the properties sold.

(b) Details of the other receivables are as follows:

	2016	2015
	RMB'000	*RMB'000*
Amounts due from related parties except for contract work	**17,568,947**	4,597,657
Land auction and other deposits	**14,292,195**	6,999,069
Amounts due from customers for contract work	**667,059**	563,378
Others (i)	**52,909,399**	6,175,220
	85,437,600	18,335,324
Less: allowance for impairment	**(447,886)**	–
Other receivables — net	**84,989,714**	18,335,324

(i) These receivables mainly included current accounts due from the other shareholders of certain joint ventures and associates of the Group for various payments on their behalf, which are interest-free, unsecured and repayable on demand.

5 Financial assets at fair value through profit or loss

	2016	2015
	RMB'000	*RMB'000*
Listed equity security — China *(note (a))*	**1,188,096**	1,188,096
Wealth management products *(note (b))*	**6,133,140**	–
	7,321,236	1,188,096

(a) Amount represented a 9.16% equity interest in Shenzhen Tiantu Investment Management Co., Ltd. ("Tiantu"), which is mainly engaged in investment activities and is listed on the National Equities Exchange and Quotations in the PRC. The fair value of the investment at 31 December 2016 was calculated using the quoted market price.

(b) Wealth management products are mainly investments in financial instruments issued by certain banks. They have initial terms ranging from 3 to 181 days.

6 Trade and other payables

	2016	2015
	RMB'000	*RMB'000*
Trade payables *(note (a))*	**76,074,204**	53,478,430
Other taxes payable	**8,211,358**	2,443,970
Salaries payable	**5,683,591**	3,369,731
Other payables *(note (b))*	**61,422,617**	13,722,445
Accrued expenses	**397,490**	370,624
	151,789,260	73,385,200

(a) The ageing analysis of trade payables mainly based on the date of invoices is as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**63,517,129**	47,826,776
Over 90 days and within 180 days	**9,412,965**	3,098,282
Over 180 days and within 365 days	**1,876,190**	1,564,830
Over 365 days	**1,267,920**	988,542
	76,074,204	53,478,430

(b) Other payables mainly included current accounts due to certain joint ventures and associates of the Group and outstanding considerations to acquire certain subsidiaries, joint ventures and associates, which are interest-free, unsecured and repayable on demand.

7 Corporate bonds

	2016	2015
	RMB'000	*RMB'000*
Opening balance	**15,258,499**	–
Additions	**21,901,130**	15,111,799
Accrued interest on par value for the year	**1,216,800**	142,861
Amortisation of the discount	**43,857**	3,949
Interest payment	**(714,613)**	–
Exchange differences	**3,951**	(110)
Closing balance	**37,709,624**	15,258,499
Less: current portion included in current liabilities	**(8,207,477)**	–
Included in non-current liabilities	**29,502,147**	15,258,499

The Group's corporate bonds are repayable as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 1 year	**8,207,477**	–
Between 1 and 2 years	**16,420,928**	173,019
Between 2 and 5 years	**13,081,219**	15,085,480
	37,709,624	15,258,499

(a) The Group's corporate bonds comprised the followings as at 31 December 2016:

Name of bond	Par value *RMB'000*	Interest rate	Issue date	Term of the bond	Net proceeds after issuance cost *RMB'000*	Effective interest rate per annum
RMB Corporate bonds of the Company issued in 2015	1,000,000	4.99%	29 December 2015	5 years	985,000	5.55%
RMB Corporate bonds tranche I of the Company issued in 2016	4,000,000	4.75%	2 March 2016	5 years	3,980,000	4.93%
RMB Corporate bonds tranche II of the Company issued in 2016	4,000,000	4.55%	29 March 2016	4 years	3,980,000	4.82%
RMB Corporate bonds tranche III of the Company issued in 2016	1,000,000	4.60%	29 July 2016	5 years	995,000	4.78%
RMB Corporate bonds tranche IV of the Company issued in 2016 — series I	4,170,000	4.15%	2 September 2016	4 years	4,152,903	4.37%
RMB Corporate bonds tranche IV of the Company issued in 2016 — series II	5,830,000	5.65%	2 September 2016	7 years	5,806,097	5.75%
RMB Corporate bonds I tranche I of Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng Country Garden") issued in 2015	3,000,000	4.20%	3 August 2015	3 years	2,989,500	4.33%
RMB Corporate bonds I tranche II of Zengcheng Country Garden issued in 2015	3,000,000	4.20%	12 August 2015	3 years	2,991,000	4.31%
RMB Corporate bonds II tranche I of Zengcheng Country Garden issued in 2015	4,000,000	4.95%	9 November 2015	4 years	3,985,200	5.15%
RMB Corporate bonds II tranche II of Zengcheng Country Garden issued in 2015	4,000,000	5.10%	7 December 2015	4 years	3,988,000	5.26%
RM Corporate bonds of Country Garden Real Estate Sdn. Bhd. issued in 2015	174,219	6.00%	30 December 2015	2 years	173,099	6.35%
RMB Corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2016 — series I	1,000,000	3.20%	21 October 2016	4 years	995,710	3.43%
RMB Corporate bonds of Guangdong Giant Leap Construction Co., Ltd. issued in 2016 — series II	2,000,000	3.90%	21 October 2016	7 years	1,991,420	4.00%

(b) The RMB corporate bonds issued by Zengcheng Country Garden and Guangdong Giant Leap Construction Co., Ltd. were guaranteed by the Company.

(c) The RM corporate bonds issued by Country Garden Real Estate Sdn. Bhd. were jointly guaranteed by the Company, Bright Start Group Ltd. and Top Favour Holdings Ltd. (both are wholly owned subsidiaries of the Company), and secured by all of Country Garden Real Estate Sdn. Bhd.'s present and future assets, a first ranking charge over shares by Bright Start Group Ltd. and Top Favour Holdings Ltd. over their respective shares in Country Garden Real Estate Sdn. Bhd., including but not limited to bonus shares, right shares and other new shares or rights entitlements.

(d) The RMB corporate bonds II (tranche I and tranche II) issued by Zengcheng Country Garden, RMB corporate bonds issued by the Company and RMB corporate bonds issued by Guangdong Giant Leap Construction Co., Ltd. contain a debt component and coupon rate adjustment options:

Debt component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

8 Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Share premium	Total	Treasury shares	Group total
		HKD'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Authorised							
At 1 January 2015, 31 December 2015 and 2016, HKD0.10 per share	100,000,000,000	10,000,000					
Issued and fully paid							
At 1 January 2015	20,351,819,782	2,035,182	1,940,004	22,702,279	24,642,283	(380,236)	24,262,047
Issue of shares	2,236,200,000	223,620	176,861	4,773,703	4,950,564	–	4,950,564
At 31 December 2015 and 1 January 2016	22,588,019,782	2,258,802	2,116,865	27,475,982	29,592,847	(380,236)	29,212,611
Buy-back of shares *(note (a))*	–	–	–	–	–	(3,535,394)	(3,535,394)
Cancellation of shares *(note (a))*	(981,277,000)	(98,128)	(84,486)	(3,046,223)	(3,130,709)	3,130,709	–
At 31 December 2016	21,606,742,782	2,160,674	2,032,379	24,429,759	26,462,138	(784,921)	25,677,217

(a) Buy-back and cancellation of shares

The Group bought back a total of 1,086,053,000 of the Company's shares during 2016, of which 981,277,000 shares have been cancelled as of 31 December 2016. The total consideration paid to buy back these shares was RMB3,535,394,000, which has been deducted from shareholders' equity.

9 Other income and gains — net

	2016	2015
	RMB'000	*RMB'000*
Refund of land usage tax and other government grants	**16,697**	183,690
Gains arising from negative goodwill	**1,257,658**	118,315
Forfeiture of advances received from customers	**19,626**	68,232
Changes in fair value of derivative financial instruments	**149,827**	7,845
Gains on disposal of subsidiaries	**36,980**	1,547
Gains/(losses) on disposals of property, plant and equipment	**18,722**	(1,347)
Others	**30,955**	45,703
	1,530,465	423,985

10 Finance costs — net

	2016	2015
	RMB'000	*RMB'000*
Finance income:		
— Interest income on short-term bank deposits	**532,870**	221,079
Finance costs:		
— Interest expenses:		
— Bank and other borrowings	**(3,741,134)**	(3,033,909)
— Senior notes	**(1,731,150)**	(1,880,984)
— Corporate bonds	**(1,260,657)**	(146,810)
— Receipts under securitisation arrangements	**(143,810)**	–
	(6,876,751)	(5,061,703)
Less: amounts capitalised on qualifying assets	**6,733,712**	5,061,703
	(143,039)	–
— Net foreign exchange losses on financing activities	**(2,747,572)**	(1,640,840)
— Reclassified from cash flow hedge reserves	**1,332,303**	–
— Reclassified from deferred cost of hedging reserves	**(69,867)**	–
Less: amounts capitalised on qualifying assets	**–**	437,620
	(1,485,136)	(1,203,220)
— Loss on early redemption of senior notes	**–**	(307,369)
	(1,628,175)	(1,510,589)
Finance costs — net	**(1,095,305)**	(1,289,510)

11 Income tax expenses

	2016	2015
	RMB'000	*RMB'000*
Current income tax		
— Corporate income tax	**7,713,554**	4,482,128
— Land appreciation tax *(note (d))*	**3,114,986**	1,111,139
	10,828,540	5,593,267
Deferred income tax		
— Corporate income tax	**(3,141,819)**	(571,794)
— Withholding income tax on profit to be distributed in future *(note (e))*	**40,628**	99,955
	(3,101,191)	(471,839)
	7,727,349	5,121,428

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group companies as follows:

	2016	2015
	RMB'000	*RMB'000*
Profit before income tax	**21,390,572**	14,833,109
Tax calculated at PRC corporate income tax rate of 25% (2015: 25%)	**5,347,643**	3,708,277
Different tax rates available to different subsidiaries of the Group	**60,827**	–
Land appreciation tax deductible for calculation of income tax purpose	**(778,747)**	(277,785)
Utilisation of tax losses not recognised as deferred income tax assets	**(2,229)**	(2,613)
Effects of share of post-tax results of joint ventures and associates	**(90,426)**	13,940
Income not subject to tax	**(358,605)**	(4,472)
Expenses not deductible for tax	**393,272**	472,987
	4,571,735	3,910,334
Withholding income tax on profit to be distributed in future *(note (e))*	**40,628**	99,955
Land appreciation tax *(note (d))*	**3,114,986**	1,111,139
Income tax expenses	**7,727,349**	5,121,428

Note:

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2015:16.5%) on the estimated assessable profits of the Group's subsidiaries in Hong Kong.

(b) PRC corporate income tax has been provided at corporate income tax rate of 25%.

(c) Malaysia profits tax has been provided at the rate of 24% (2015: 25%) of the estimated assessable profit for the year.

(d) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

(e) Withholding income tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. The relevant overseas holding companies have successfully obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the dividends to be distributed by the PRC subsidiaries of the Group.

12 Dividends

	2016	2015
	RMB'000	*RMB'000*
Interim dividend of RMB6.92 cents (2015: RMB6.48 cents) per share	**1,556,610**	1,463,704
Proposed final dividend of RMB10.20 cents (2015: RMB6.47 cents) per share	**2,177,317**	1,448,430

On 18 August 2016, the Board of Directors declared the payment of a 2016 interim dividend of RMB6.92 cents per share, totalling RMB1,556,610,000, which was paid in cash in November 2016. (2015 interim dividend: RMB1,463,704,000).

The final dividend in respect of 2015 of RMB6.47 cents (equivalent to HKD7.68 cents) per share, totalling RMB1,448,430,000, has been approved in the Annual General Meeting on 24 May 2016 and paid in cash in July 2016.

The Board recommended the payment of a 2016 final dividend of RMB10.20 cents per share, totalling RMB2,177,317,000, which has taken into account the effect of the buy-back of the Company's shares subsequent to 31 December 2016 and up to the date of these financial statements. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

13 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares (note 8).

	2016	2015
Profit attributable to owners of the Company (RMB'000)	**11,516,815**	9,276,485
Weighted average number of ordinary shares in issue (thousands)	**22,075,611**	21,806,325
Earnings per share — Basic (RMB cents per share)	**52.17**	42.54

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had two categories of dilutive potential ordinary shares: share options and the awarded shares. For the share options and awarded shares, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and awarded shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and awarded shares.

	2016	2015
Profit attributable to owners of the Company (RMB'000)	**11,516,815**	9,276,485
Weighted average number of ordinary shares in issue (thousands)	**22,075,611**	21,806,325
Adjustments — share options and awarded shares (thousands)	**16,560**	7,471
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**22,092,171**	21,813,796
Earnings per share — Diluted (RMB cents per share)	**52.13**	42.53

14 Subsequent events

From 1 January 2017 and up to the date of this announcement, the Company has bought back 148,126,000 shares from the market and cancelled 252,902,000 shares of the Company, of which 104,776,000 shares were bought back in 2016 and 148,126,000 shares were bought back in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from five business segments: (i) property development, (ii) construction, fitting and decoration, (iii) property investment, (iv) property management, and (v) hotel operation. Revenue increased by 35.2% to approximately RMB153,087.0 million in 2016 from approximately RMB113,222.6 million in 2015. 96.8% of the Group's revenue was generated from the sales of properties (2015: 96.7%) and 3.2% from other segments (2015: 3.3%).

Property Development

Revenue generated from property development maintained a growth as a result of the continuous growth of property contracted sales, strict construction management control and timely delivery of units in 2016. Revenue generated from property development increased by 35.4% to approximately RMB148,180.1 million in 2016 from approximately RMB109,460.4 million in 2015. The total GFA delivered increased by 35.5% to 23.94 million sq.m. in 2016 from 17.67 million sq.m. in 2015. The recognised average selling price of property was RMB6,191 per sq.m. in 2016, almost equalling to RMB6,194 per sq.m. in 2015.

Construction, Fitting and Decoration

Construction, fitting and decoration revenue from external parties increased by 53.1% to approximately RMB1,143.0 million in 2016 from RMB746.4 million in 2015, primarily due to increase in the volume of services rendered to related parties and third parties of the Group.

Property Management

The Group's property management and community-related businesses would also be our profit margin drivers. As at 31 December 2016, the Group's property management segment managed a contracted area of 210 million sq.m., covering China's 223 cities across 27 provinces for approximately 1 million households of owners in total.

During the year, the property management and community-related businesses generated revenue of approximately RMB1,959.1 million, up by 33.3% year on year. The business segment also recorded an operating profit of approximately RMB405.5 million, up by 59.7% year on year. In the future, the Group will leverage on the capital market to develop the business segment, thus enriching its income sources and enhancing its business value.

Hotel Operation

Hotel operation revenue from external parties increased by 17.4% to approximately RMB1,707.6 million in 2016 from approximately RMB1,454.9 million in 2015, primarily due to increased revenue from existing hotels in operation.

Property Investment

Revenue generated from property investment increased by 5.9% to approximately RMB97.1 million in 2016 from approximately RMB91.7 million in 2015 primarily due to the increase in rental area. Gains arising from changes in fair value of and transfer to investment properties was approximately RMB711.6 million in 2016, decreasing by 12.1% compared with approximately RMB809.8 million in 2015. As at 31 December 2016, the total GFA of the investment properties held amounted to approximately 1.20 million sq.m.. The fair value of these investment properties amounted to approximately RMB9,773.4 million, including approximately RMB8,277.0 million of completed properties and approximately RMB1,496.4 million of properties under development.

Finance Costs — Net

The Group recorded net finance cost of approximately RMB1,095.3 million in 2016, compared with net finance costs of approximately RMB1,289.5 million in 2015. The Group recorded interest expenses of approximately RMB6,876.8 million in 2016, of which 97.9% were capitalised on qualifying assets, compared with interest expenses of approximately RMB5,061.7 million in 2015, which were fully capitalised on qualifying assets. The decrease of net finance costs were mainly due to the increase in interest income on short-term bank deposits of approximately RMB311.8 million.

Profit Attributable to Owners of the Company and Core Net Profit

The profit attributable to owners of the Company increased by approximately 24.2% to approximately RMB11,516.8 million in 2016, when compared with approximately RMB9,276.5 million in 2015.

After deduction of the post-tax gains arising from changes in fair value of and transfer to investment properties, net exchange gains/losses on financing activities, loss on early redemption of senior notes and changes in fair value of derivative financial instruments, the core net profit in 2016 was approximately RMB11,984.6 million, representing an increase of approximately 22.3% when compared with approximately RMB9,796.2 million in 2015.

Liquidity, Financial and Capital Resources

As at 31 December 2016, the Group's cash and bank deposits (including restricted cash) amounted to approximately RMB96,490.9 million (31 December 2015: approximately RMB47,877.9 million). As at 31 December 2016, 93.8% (31 December 2015: 97.7%) of the Group's cash and bank deposits was denominated in Renminbi and 6.2% (31 December 2015: 2.3%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

As at 31 December 2016, the carrying amount of the restricted cash was approximately RMB11,844.0 million (31 December 2015: approximately RMB11,637.1 million). Pursuant to relevant regulations, certain of the project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts could only be used for the restricted purposes of purchasing construction materials and equipments, making interim construction payments and paying tax, with the prior approval of the relevant local authorities.

On 13 October 2014, the Company issued 1,271,988,736 rights shares and raised approximately RMB2.50 billion, which were expected to be applied to refinance the existing indebtedness of the Company and as general working capital. On 20 April 2015, the Group issued 2,236,200,000 new shares of the Company to Ping An Life Insurance Company of China, Ltd. and raised net proceeds of approximately RMB4.95 billion, which were expected to be applied by the Group for its development and as general working capital. In 2016, the use of equity fund raising remained unchanged.

As at 31 December 2016, the net current assets of the Group were approximately RMB79,521.5 million (31 December 2015: approximately RMB70,421.2 million). The current ratio being current assets over current liabilities was approximately 1.2 as at 31 December 2016, which slightly decreased from approximately 1.3 as at 31 December 2015.

As at 31 December 2016, the Group's bank and other borrowings, senior notes and corporate bonds amounted to approximately RMB69,222.8 million, RMB29,264.4 million and RMB37,709.6 million respectively (31 December 2015: approximately RMB53,607.1 million, RMB20,878.2 million and RMB15,258.5 million respectively).

For bank and other borrowings, approximately RMB30,512.7 million, RMB36,195.5 million and RMB2,514.6 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2015: approximately RMB22,778.0 million, RMB30,336.9 million and RMB492.2 million respectively). As at 31 December 2016 and 31 December 2015, the majority of the bank and other borrowings were secured by certain land use rights and properties of the Group or guaranteed by the Group.

As at 31 December 2016, the Group's receipts under securitisation arrangements amounted to approximately RMB7,043.4 million. It represented proceeds received as a result of securitisation arrangements collaterised by certain future trade receivables for the remaining receipts of sales of properties.

Net gearing ratio is measured by the net debt (representing bank and other borrowings, senior notes and corporate bonds net of available cash, which equals to the sum of cash and cash equivalents and the guarantee deposits for construction of pre-sold properties) over total equity excluding perpetual capital securities. Net gearing ratio decreased from approximately 60.0% as at 31 December 2015 to approximately 48.7% as at 31 December 2016.

Key Risk Factors and Uncertainties

The following content lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks Pertaining to the Property Market and Operation

The Group's businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. The Group continues to implement its strategies to develop and strengthen penetration of different regional markets thereby reducing its dependence on specific markets. The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite the fact that the Group has set up systems and policies for accident prevention, which may lead to financial loss, litigation, or damage in reputation.

Oversea Investment Risk

The Group currently operates in several oversea countries. The complex international economic and political landscape may expose the Group to particular risks in certain countries, such as economic and political instability, foreign exchange controls, sovereign debt crises, regulations on local business operations. The Group closely monitors possible risks and environmental changes, and employ prompt countermeasures to minimise any potential business impact.

Interest Rate Risk

The Group's bank and other borrowings mainly bear floating rates. As at 31 December 2016, the weighted average borrowing cost of the Group's total debt was 5.66%, which was down by 54 basic points from that as at 31 December 2015. The Group has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and refinancing on existing banking facilities or entering into new banking facilities when good pricing opportunities arise.

Foreign Exchange Risk

The Group's business is mainly denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars, HK dollars and Malaysian Ringgit). Since 2015, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts, cross currency swaps and foreign exchange structured derivatives to hedge its exposure to foreign exchange risk.

Guarantees

As at 31 December 2016, the Group had guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB127,502.7 million (31 December 2015: approximately RMB60,636.2 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. As at 31 December 2016, there was no guarantee (31 December 2015: approximately RMB50.9 million) to be discharged two years from the day when the mortgaged loans become due; and approximately RMB127,502.7 million (31 December 2015: approximately RMB60,585.3 million) was to be discharged upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the purchasers of properties.

The Board considers that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

In addition, as at 31 December 2016, the Group had provided guarantees amounting to approximately RMB18,617.4 million (31 December 2015: approximately RMB1,781.9 million) for certain borrowings of the joint ventures and associates of the Group.

Capital and Property Development Commitments

As at 31 December 2016, the commitments of the Group in connection with capital and property development expenditures amounted to approximately RMB94,933.4 million (31 December 2015: approximately RMB84,825.3 million). This amount primarily arose from contracted construction fees or other capital commitments for future property developments. The Group expects to fund these commitments principally from pre-sold proceeds of the properties and partly from bank borrowings.

Employees and Remuneration Policy

Human resource has always been the most valuable resource of the Group. As at 31 December 2016, the Group had approximately 94,450 full-time employees (31 December 2015: 68,150).

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group believes that the salaries and benefits that the employees receive are competitive in comparison with market rates. The Group is subject to social insurance contribution plans or other pension schemes organised by the regional governments and is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund or to contribute regularly to other mandatory provident fund schemes on behalf of the employees. As at the date of this announcement, there were no significant labor disputes which adversely affect or are likely to have an adverse effect on the operations of the Group.

In order to adapt itself to the fast growing and ever changing market, the Group came up with the partnership scheme, aligning the interests of employees with that of the Company. Not only could this profit and loss sharing program help lower operational cost and increase profit and returns, but also make employees better understand the Company's culture of "home experience", and allow them to further develop together with the Company.

Besides, since 2014, the Group has recruited 403 PhDs worldwide through its global recruiting program. These newly recruited talents will become the mainstay of the Group in the future.

Forward Looking

Being one of the most important sectors of the Chinese economy, the strong needs of quality housing brought by first time buyers and upgraders stimulated by the urbanization process will still be the driver of long term development of the property sector. In 2017, it is expected that, the government will strengthen the regulation of the classification of the real estate market through adopting the policy of "implementing policies appropriate to the situations in different cities" (因城施策); while the competition in the real estate industry will be more intensive, the consolidation within the sector will be continued and the market will be further differentiated. To embrace the change of the market, the Group will continue to adopt steady financial policies and risk control measures, strengthen its contracted sales and cash collection and apply strict cost control to strengthen operating cash flows and ensure investment return. Meanwhile, the Group will continue to apply a more prudent and practical strategy on new land acquisition to ensure the quality of future projects and optimize geographic layout, and to develop the corresponding investment porfolios catering for different stages of China's urbanization and capture all kinds of market demand. Besides, on the basis of steady growth, the Group will make flexible adjustments according to the market situation and focus on increasing of profitability to achieve high quality and all rounded development. Looking forward, the Company will actively explore the value of businesses and assets within the value chain of real estate to maximize the corporate value. The Company has also submitted the application materials to the CSRC in relation to the spin-off and listing of property management services business during the current year. To Country Garden, the urbanization is far from over, the Company will continue to focus on the residential and related demands brought by urbanization, establishing an integration platform covering all stages of lives for our clients.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

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

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan and Ms. HUANG Xiao. Mr. LAI Ming, Joseph is the chairman of the Audit Committee.

The annual results have been reviewed by the Audit Committee.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Company are committed to the principles of good corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasise transparency, accountability and independence. For the year ended 31 December 2016, the Company has applied the principles and complied with all code provisions in the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") of the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the year ended 31 December 2016. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

SHARE OPTION SCHEME

On 20 March 2007, a share option scheme (the "**Share Option Scheme**") was approved and adopted by the then shareholders of the Company for a period of 10 years commencing on the adoption date. Subject to the terms and conditions of the Share Option Scheme, the Board may, at its discretion, grant share options to any eligible participants to subscribe for the shares in the Company within the validity period of the scheme.

During the year ended 31 December 2016, 7,962,218 share options with a fair value on the grant date of approximately RMB21,827,000 were granted to eligible participants in accordance with the terms of the Share Option Scheme. Of the share options granted, 2,665,373 share options had lapsed in accordance with the terms of the Share Option Scheme.

The Share Option Scheme has expired on 19 March 2017.

EMPLOYEE INCENTIVE SCHEME

The trust deed in respect of the employee incentive scheme ("**Employee Incentive Scheme**") for the benefit of the senior management and employees of the Group which excludes any connected persons of the Company, together with the scheme rules, were approved by the Board officially. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance their performance and efficiency. During the year, the Company had not purchased any shares of the Company from the market, and had not acquired any shares of the Company by any other way in accordance with the Employee Incentive Scheme. During the year ended 31 December 2016, the Board has resolved to grant share awards under the Employee Incentive Scheme for 3,658,545 shares, 5,365,064 shares, 764,071 shares and 10,115,794 shares on 15 March 2016, 11 May 2016, 18 August 2016 and 8 December 2016 respectively subject to the registration and transfer procedures yet to be completed as at 31 December 2016. As at 31 December 2016, the cumulative total number of the shares acquired under the Employee Incentive Scheme was 107,771,551 shares (31 December 2015: 107,771,551 shares). The trustee of the Employee Incentive Scheme is Power Great Enterprises Limited.

The Board will continue to monitor the Employee Incentive Scheme for the benefit of the senior management and employees of the Group and if it shall consider appropriate and/or desirable, modify or replace the Employee Incentive Scheme and/or adopt any other incentive scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2016, the Company bought back a total of 1,086,053,000 shares of the Company on the Stock Exchange. All the shares bought back were subsequently cancelled by the Company. Details of those transactions are as follows:

Month of buy-back	Number of shares bought back	Price Per Share Highest	Price Per Share Lowest	Aggregate price
		HKD	*HKD*	*HKD*
January	150,947,000	3.02	2.85	446,644,312.40
February	40,000,000	3.00	2.91	118,564,000.00
March	7,540,000	3.03	3.00	22,751,000.00
April	6,384,000	3.00	3.00	19,152,000.00
May	57,757,000	3.10	2.98	173,987,184.00
June	57,952,000	3.10	3.03	177,463,890.00
July	56,585,000	3.28	3.19	183,924,384.00
August	–	–	–	–
September	126,258,000	4.30	4.04	525,126,712.00
October	274,459,000	4.22	3.80	1,105,959,909.00
November	203,395,000	4.34	4.09	847,826,423.00
December	104,776,000	4.48	4.21	452,855,702.00

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

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of RMB10.20 cents in the form of cash (2015: RMB 6.47 cents) per share for the year ended 31 December 2016 to shareholders whose names appear on the register of members of the Company on Friday, 26 May 2017 (record date) ("**Eligible Shareholders**").

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Monday, 22 May 2017 to Friday, 26 May 2017. It is expected that the final dividend warrants will be dispatched to the Eligible Shareholders on or around Wednesday, 12 July 2017.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of the shareholders of the Company ("**Shareholders**") to attend, speak and vote at the forthcoming annual general meeting of the Company ("**2017 AGM**"), and the Eligible Shareholders' entitlement to the proposed final dividend, the register of members of the Company ("**Register of Members**") will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2017 AGM:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Thursday, 11 May 2017
Record Date	Thursday, 11 May 2017
Closure of the Register of Members	Friday, 12 May 2017 to Thursday, 18 May 2017 (both days inclusive)

(ii) Subject to the passing of the final dividend proposal agenda at the 2017 AGM, for determining the Eligible Shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Wednesday, 24 May 2017
Closure of the Register of Members	Thursday, 25 May 2017 to Friday, 26 May 2017 (both days inclusive)
Record Date	Friday, 26 May 2017

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

PUBLICATION OF ANNUAL RESULTS

The annual results announcement is published on the Company's website (http://www.countrygarden.com.cn) and the Stock Exchange's designated website (http://www.hkexnews.hk).

By order of the Board
Country Garden Holdings Company Limited
MO Bin
President and Executive Director

Hong Kong, 22 March 2017

As of the date of this announcement, the executive Directors are Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Vice Chairman), Mr. MO Bin (President), Mr. ZHU Rongbin (Associate President), Mr. WU Jianbin (Chief Financial Officer), Ms. YANG Ziying, Mr. SU Rubo, Mr. OU Xueming, Mr. YANG Zhicheng, Mr. XIE Shutai, Mr. SONG Jun, Mr. LIANG Guokun and Mr. SU Baiyuan. The non-executive Director is Mr. CHEN Chong. The independent non-executive Directors are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Ronald, Mr. HUANG Hongyan, Ms. HUANG Xiao, Mr. MEI Wenjue and Mr. YEUNG Kwok On.