招商局置地有限公司
CHINA MERCHANTS LAND LIMITED

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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 978)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "Board") of directors (the "Directors") of China Merchants Land Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2016 together with the comparative figures for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	NOTES	**2016** *RMB'000*	2015 *RMB'000*
Revenue	*3*	**11,606,442**	6,394,944
Cost of sales		**(8,269,296)**	(4,838,012)
Gross profit		**3,337,146**	1,556,932
Other income	*5*	**213,032**	87,002
Net foreign exchange losses		**(190,249)**	(155,713)
Selling and marketing expenses		**(269,760)**	(219,738)
Administrative expenses		**(130,201)**	(98,352)
Fair value (loss) gain on derivative financial instruments		**(56,524)**	6,980
Share of losses of associates		**(44,030)**	(36,485)
Share of losses of joint ventures		**(20,930)**	(6,850)
Finance costs	*6*	**(296,165)**	(206,363)
Profit before tax	*8*	**2,542,319**	927,413
Income tax expense	*7*	**(1,427,265)**	(571,946)
Profit for the year		**1,115,054**	355,467

	NOTE	2016 RMB'000	2015 RMB'000
Profit for the year		**1,115,054**	355,467
Other comprehensive income, net of income tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**20,166**	24,431
Profit and total comprehensive income for the year		**1,135,220**	379,898
Profit for the year attributable to:			
Owners of the Company		**811,449**	185,416
Non-controlling interests		**303,605**	170,051
		1,115,054	355,467
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**831,615**	209,847
Non-controlling interests		**303,605**	170,051
		1,135,220	379,898
Earnings per share			
Basic (RMB cents)	*10*	**16.54**	3.78
Diluted (RMB cents)		**16.54**	3.78

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

		At 31 December	
		2016	2015
	NOTES	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**61,913**	36,185
Investment properties		**801,159**	21,759
Goodwill		**160,210**	160,210
Interests in associates		**192,985**	237,015
Interests in joint ventures		**108,644**	8,404
Other receivables		**745,791**	–
Deferred tax assets		**500,662**	370,236
Derivative component of convertible bonds		**–**	168,570
		2,571,364	1,002,379
CURRENT ASSETS			
Properties for sale		**32,035,534**	29,323,044
Deposit paid for acquisitions of land use rights		**1,275,940**	–
Trade and other receivables	*11*	**6,307,077**	4,653,618
Tax recoverable		**329,080**	187,337
Derivative component of convertible bonds		**116,451**	–
Bank balances and cash		**5,810,922**	3,697,337
		45,875,004	37,861,336
CURRENT LIABILITIES			
Deposits received in respect of pre-sale of properties		**10,350,183**	9,688,696
Trade and other payables	*12*	**6,060,389**	5,243,279
Loans from equity holders		**6,443,021**	1,818,105
Tax payable		**624,925**	316,777
Bank and other borrowings		**2,572,000**	1,105,202
		26,050,518	18,172,059
NET CURRENT ASSETS		**19,824,486**	19,689,277
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,395,850**	20,691,656

	At 31 December	
	2016	2015
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Loans from equity holders	**207,374**	682,251
Other payables	**14,748**	–
Bank and other borrowings	**2,705,590**	3,451,416
Bonds payable	**3,426,732**	3,206,939
Convertible bonds	**1,714,915**	1,533,339
Derivative component of convertible bonds	**73,044**	72,675
Deferred tax liabilities	**145,477**	59,946
	8,287,880	9,006,566
NET ASSETS	**14,107,970**	11,685,090
CAPITAL AND RESERVES		
Share capital	**39,132**	39,132
Reserves	**5,954,284**	5,139,064
Equity attributable to owners of the Company	**5,993,416**	5,178,196
Non-controlling interests	**8,114,554**	6,506,894
TOTAL EQUITY	**14,107,970**	11,685,090

NOTES:

1. GENERAL

China Merchants Land Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") is incorporated in the Cayman Islands as a limited liability company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are development and sales of properties and property leasing and trading of electronic and electrical related products and building related materials and equipment.

The Company's immediate holding company is Success Well Investments Limited, which is a limited liability company incorporated in the British Virgin Islands. The intermediate holding company is China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司, "CMSK"), which is established in the People's Republic of China (the "PRC") and listed on Shenzhen Stock Exchange Limited. The ultimate holding company is China Merchants Group Limited ("CMG"). CMG is a PRC enterprise regulated and directly managed by the State-owned Assets Supervision and Administration Commission of the State Council and CMG is owned and controlled by the PRC government.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 15	Clarification to HKFRS 15 Revenue from Contracts with Customers[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2017.
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

– All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the 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 in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

– In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

– HKFRS 9 (2014) introduces a new model which more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;
ii) Identify the performance obligations in the contract;
iii) Determine the transaction price;
iv) Allocate the transaction price to the performance obligations; and
v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. The directors of the Company are in the process of assessing their impact on the consolidated financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Amendment to HKAS 7 Disclosure Initiative

The amendments require entities 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. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 7 will result in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. REVENUE

An analysis of the Group's revenue by major products and service categories for the year is as follows:

	2016	2015
	RMB'000	*RMB'000*
Sales of properties for sale	**11,468,458**	6,390,271
Properties operation income	**78,038**	–
Rental income from investment properties *(Note 8)*	**59,946**	4,673
	11,606,442	6,394,944

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments, which requires operating segments to be identified on the basis of internal report about the components of the Group that are regularly reviewed by the chief operating decision makers ("CODM") in order to allocate resources to segments and to assess their performance. The CODM is the Company's executive directors.

For the management purpose, the Group is currently organised into the following two operating and reportable segments: (i) Development and sales of properties and property leasing ("Properties Segment"); and (ii) sales of electronic and electrical related products and building related materials and equipment ("Trading Segment").

The Properties Segment includes sales of properties and property leasing while the Trading Segment includes sales of electronic and electrical related products and building related materials and equipment. Each of which is considered as a separate operating segment by the CODM.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

	Trading Segment	**Properties Segment**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*
For the year ended 31 December 2016			
Segment revenue – external customers	**–**	**11,606,442**	**11,606,442**
Segment results	**–**	**3,042,495**	**3,042,495**
Net foreign exchange losses			**(190,534)**
Unallocated income			**3,381**
Fair value loss on derivative financial instruments			**(56,524)**
Unallocated expenses			**(45,490)**
Unallocated finance costs			**(211,009)**
Profit before tax			**2,542,319**

	Trading Segment	Properties Segment	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
For the year ended 31 December 2015			
Segment revenue – external customers	–	6,394,944	6,394,944
Segment results	(131)	1,247,464	1,247,333
Net foreign exchange losses			(175,882)
Unallocated income			2,921
Fair value gain on derivative financial instruments			6,980
Unallocated expenses			(34,855)
Unallocated finance costs			(119,084)
Profit before tax			927,413

There were no inter-segment sales for the years ended 31 December 2016 and 2015.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of unallocated corporate costs, fair value (loss) gain on derivative financial instruments, certain finance costs, certain interest income and certain net foreign exchange losses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Trading Segment	Properties Segment	Consolidated
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2016			
Segment assets	**1,588**	**46,569,999**	**46,571,587**
Goodwill			**160,210**
Other unallocated assets			**1,714,571**
Total assets			**48,446,368**
Segment liabilities	**2,039**	**26,745,164**	**26,747,203**
Other unallocated liabilities			**7,591,195**
Total liabilities			**34,338,398**

	Trading Segment *RMB'000*	Properties Segment *RMB'000*	Consolidated *RMB'000*
At 31 December 2015			
Segment assets	3,197	38,208,979	38,212,176
Goodwill			160,210
Other unallocated assets			491,329
Total assets			38,863,715
Segment liabilities	2,973	20,785,287	20,788,260
Other unallocated liabilities			6,390,365
Total liabilities			27,178,625

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets, other than derivative component of convertible bonds, goodwill and assets of the investment holding companies, are allocated to reportable and operating segments; and
- all liabilities, other than bonds payable, loans from equity holders, liability component of convertible bonds, derivative component of convertible bonds, and bank and other borrowings of the investment holding companies, are allocated to reportable and operating segments.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets.

	Trading Segment *RMB'000*	Properties Segment *RMB'000*	Consolidated *RMB'000*
For the year ended 31 December 2016			
Addition to non-current assets *(Note)*	**5**	**946,815**	**946,820**
Interest income	**–**	**148,439**	**148,439**
Depreciation of property, plant and equipment	**2**	**5,773**	**5,775**
Depreciation of investment properties	**–**	**668**	**668**
For the year ended 31 December 2015			
Addition to non-current assets *(Note)*	10	293,226	293,236
Interest income	157	73,943	74,100
Depreciation of property, plant and equipment	33	5,059	5,092
Depreciation of investment properties	–	917	917

Note: Non-current assets exclude deferred tax assets and financial assets.

The Group's revenue from external customers is derived from the PRC. No single customer of the Group contributed 10% or more to the Group's revenue for the years ended 31 December 2016 and 2015.

Substantially all of the Group's non-current assets, excluding deferred tax assets and derivative component of convertible bonds, are located in the PRC.

Geographical information

The Group's properties segment is located in Foshan, Guangzhou, Nanjing and Jurong, Chongqing and Xi'an.

Information about the revenue from external customers of Properties Segment and the assets of Properties Segment is presented based on the location of the assets.

	Revenue from external customers		**Segment assets**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Foshan	**3,601,719**	1,543,066	**11,708,430**	11,438,211
Guangzhou	**4,062,667**	777,876	**6,061,642**	5,973,098
Nanjing and Jurong	**2,715,367**	3,913,624	**14,641,387**	8,473,768
Chongqing	**1,226,689**	160,378	**12,321,770**	10,956,062
Xi'an	**–**	–	**1,836,770**	1,367,840
	11,606,442	6,394,944	**46,569,999**	38,208,979

5. OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Bank interest income	**33,258**	33,278
Gain on disposal of investment properties	**22,179**	–
Government grants *(Note)*	**25,111**	–
Interest income from associates	**87,072**	40,630
Interest income from joint ventures	**31,490**	3,113
Others	**13,922**	9,981
	213,032	87,002

Note: The amount of government grants was received in respect of certain property development projects of the Group in Chongqing, the PRC, the Group fulfilled the relevant granting criteria which was immediately recognised as other income.

6. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interest on:		
– bank and other borrowings	**300,291**	226,258
– loans from a fellow subsidiary	**199**	–
– loans from an intermediate holding company	**44,571**	82,896
– loans from non-controlling equity holders of subsidiaries of the Group	**148,904**	144,457
– bonds	**166,350**	157,056
– convertible bonds	**83,234**	39,718
Total borrowing costs	**743,549**	650,385
Less: amounts capitalised in the cost of qualifying assets	**(447,384)**	(444,022)
	296,165	206,363

Borrowing costs capitalised to properties under development for sale were determined by the contracted interest rates of respective specific borrowings.

7. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
The charge comprises:		
PRC Enterprise Income Tax ("EIT")		
– Current year	**719,072**	290,450
– Over provision in prior years	**–**	(986)
Dividend withholding income tax	**–**	3,720
Land appreciation tax ("LAT")	**753,088**	250,182
	1,472,160	543,366
Deferred tax	**(44,895)**	28,580
	1,427,265	571,946

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory EIT rate of the subsidiaries incorporated in the PRC is 25%. Further, 5% or 10% withholding income tax is generally imposed on dividends relating to profits earned by PRC entities that are owned by non-PRC entities within the Group.

LAT 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 right and all property development expenditures.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit in Hong Kong for the years ended 31 December 2016 and 2015.

8. PROFIT BEFORE TAX

	2016	2015
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Employee benefits expenses (including directors' remuneration):		
Salaries and other allowances	**234,598**	165,958
Pension scheme contributions	**32,774**	28,597
Total staff costs	**267,372**	194,555
Less: Amount capitalised to properties under development for sale	**(140,872)**	(91,459)
	126,500	103,096
Gross rental income from investment properties *(Note 3)*	**(59,946)**	(4,673)
Less: Direct operating expenses incurred	**38,253**	1,676
	(21,693)	(2,997)
Cost of properties for sale recognised as an expense	**8,269,296**	4,838,012
Depreciation of investment properties	**668**	917
Depreciation of property, plant and equipment	**5,775**	5,092
Auditor's remuneration	**3,464**	2,514
(Gain) Loss on disposal of property plant and equipment	**(38)**	28

9. DIVIDENDS

During the year ended 31 December 2016, a final dividend of Hong Kong dollars ("HK$") $0.005 per ordinary share in respect of the year ended 31 December 2015 (2015: HK$0.01 per ordinary share in respect of the year ended 31 December 2014) was declared and paid to the shareholders of the Company. The aggregate amount of final dividend declared from share premium of the Company and paid during the year amounted to approximately RMB20,438,000 (2015: RMB38,854,000).

During the year ended 31 December 2016, a subsidiary of the Group declared dividends of RMB39,018,000 (2015: RMB124,400,000) to its shareholders, of which approximately RMB19,509,000 (2015: Nil) was paid to their non-controlling equity holder.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2016 of HK$0.045 (equivalent to approximately RMB0.04) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

10. EARNINGS PER SHARE

For the year ended 31 December 2016, the calculation of the basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB811,449,000 (2015: RMB185,416,000) and the weighted average number of 4,905,257,860 (2015: 4,905,257,860) ordinary shares in issue during the year.

The computation of diluted earnings per share for the years ended 31 December 2016 and 2015 does not assume the conversion of the Group's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2016 *RMB'000*	2015 *RMB'000*
Trade receivables	**2,163**	2,909

The Group's credit terms with its trade customers are generally 0 to 30 days. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk.

Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements, normally within 60 days from the date of agreement.

The ageing analysis of trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2016 *RMB'000*	2015 *RMB'000*
30 days or less	**575**	–
Over 365 days	**1,588**	2,909
	2,163	2,909

12. TRADE AND OTHER PAYABLES

	2016 *RMB'000*	2015 *RMB'000*
Trade payables		
– Trading Segment	**2,039**	2,882
– Properties Segment	**2,396,871**	2,389,171
	2,398,910	2,392,053

Trade payables from Properties Segment comprise construction costs and other project-related expenses which are payable based on project progress and the average credit period of these trade payables is 60 days. The average credit period on purchase of goods is generally from 30 days extending up to 90 days for major suppliers from Trading Segment. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

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

	2016 *RMB'000*	2015 *RMB'000*
0 to 60 days	**1,418,012**	1,547,008
61 to 180 days	**156,757**	305,730
181 to 365 days	**189,009**	323,775
Over 365 days	**635,132**	215,540
	2,398,910	2,392,053

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.045 (equivalent to approximately RMB0.04) per share in respect of the year ended 31 December 2016 (31 December 2015: HK$0.005 (equivalent to approximately RMB0.004)) per share, representing a total payment of approximately HK$220,737,000 (equivalent to approximately RMB196,210,000). Subject to the passing of the relevant resolution at the annual general meeting (the "Annual General Meeting") of the Company to be held on Friday, 28 April 2017, the final dividend will be paid on or about 18 May 2017 to shareholders whose names appear on the register of members of the Company on 9 May 2017.

For the purpose of ascertaining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from 8 May 2017 to 9 May 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 5 May 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

For the year ended 2016 (the "Year"), both international and domestic economic and social turbulence intensified. Coupled with Brexit and Donald Trump being elected as President, those issues have made significant impacts on global economy. In addition, US dollar stayed strong while Reminbi continued to be weak. As the domestic economic structure adjusted slowly, the internal and external environment faced by China's economy was unprecedentedly complicated. The Chinese government continued to promote the reform on supply, following by addressing over capacity, reducing inventory, de-leveraging, lowering cost, and bolstering areas of weakness, the economy has gradually picked up, with an annual increase of approximately 6.7% in its GDP. In 2016, China's properties industry rose slightly before its setback. Stimulated by the policy of de-stocking in properties promulgated by the central government in 2016, significant increase in both property price and quantity was recorded in a number of cities from the first half to the third quarter of the year. The area sold for national commodities housing reached 1,573 million sq.m. for the Year, representing a year-on-year increase of 22.5%, while its sales amounted to RMB11.76 trillion, representing an increase of 34.8%. As the price surge went too far for certain first and second tier cities, many cities successively introduced a series of local adjustment policies of quantity and credit control in the fourth quarter. With the implementation of the adjustment policies, the property market featured decreased quantity and stable price. Regional and corporate differentiation in the properties industry has become more obvious. It was well evidenced by the frequent mergers and acquisitions and consolidation activities, as well as actively identifying new business opportunities, by properties corporations.

FINANCIAL REVIEW

For the Year, profit amounted to RMB1,115,054,000 (2015: RMB355,467,000), representing an increase of approximately 214% as compared with last year. The profit attributable to the owners of the Company was RMB811,449,000 (2015: RMB185,416,000), representing an increase of approximately 338% as compared with last year. Basic earnings per share was RMB16.54 cents (2015: RMB3.78 cents), representing an increase of approximately 338% as compared with last year.

Equity attributable to owners of the Company was RMB5,993,416,000 as at 31 December 2016 (2015: RMB5,178,196,000), representing an increase of approximately 16% as compared with that as at the end of last year.

The Group together with its associate and joint ventures, achieved aggregate contracted sales of RMB15,986,065,000 (2015: RMB8,950,200,000), representing an increase of approximately 79% over that of last year. Aggregate contracted sales area was 1,185,223 sq.m. (2015: 787,010 sq.m.), increased by approximately 51% over last year. The average selling price was approximately RMB13,488 per sq.m. (2015: RMB11,372 per sq.m.), representing an increase of approximately 19% compared with last year.

TURNOVER

For 2016, the Group recorded turnover of RMB11,606,442,000 (2015: RMB6,394,944,000), representing an increase of approximately 81% as compared with last year. The rise was mainly due to the increase of total gross floor area completed and delivered during the Year. For the Year, projects in Foshan, Guangzhou, Chongqing and Nanjing and Jurong accounted for approximately 31%, 35%, 11% and 23%, respectively, of the total revenue of the Group.

GROSS PROFIT

Gross profit amounted to RMB3,337,146,000 (2015: RMB1,556,932,000), representing an increase of approximately 114% as compared with last year. The increase in gross profit was mainly due to the increase in the total gross floor area completed and delivered during the year 2016. The gross profit margin was approximately 29% (2015: 24%), representing an increase by approximately 5 percentage points over last year.

FINANCE COSTS

In June 2015, the Company's direct wholly-owned subsidiary completed the issuance of a guaranteed convertible bonds due in June 2020 (credit enhanced until July 2018) in the aggregate principal amount of US$290,000,000 bearing coupon rate at 0.50% per annum. In December 2013, the Company issued a five-year term credit enhanced bonds in an aggregate principal amount of US$500,000,000 bearing coupon rate of 4.021% per annum.

Total amount of interest of the convertible bonds and bonds amounted to approximately RMB104,667,000 (2015: RMB69,749,000) was recognised in the finance costs for the Year.

NET FOREIGN EXCHANGE LOSSES

Exchange losses were noted for the Year and the year ended 31 December 2015. The exchange losses recorded during the Year were mainly due to the significant depreciation of RMB against United States Dollars ("US$").

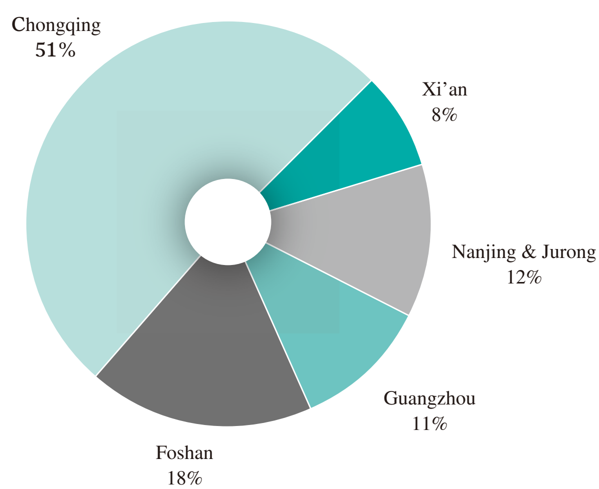
BUSINESS REVIEW

Property Development Business

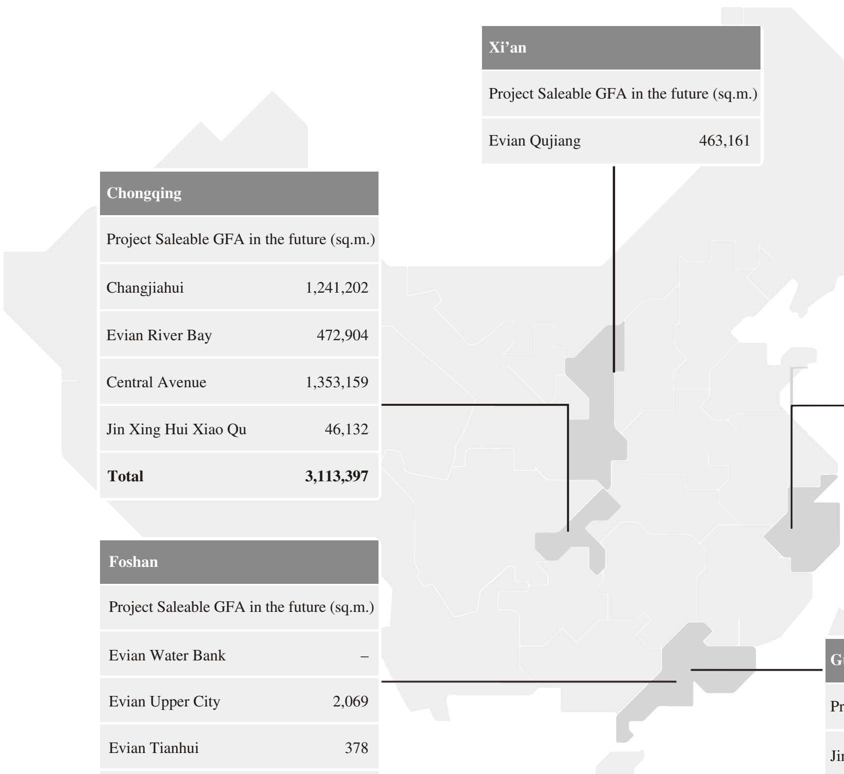
As at 31 December 2016, the Group's portfolio of property development projects consisted of 27 projects in Foshan, Guangzhou, Chongqing, Nanjing, Jurong and Xi'an, with a primary focus on the development of residential properties, as well as residential and commercial complex properties, products types including apartments, villas, offices and retail shops etc.

Below are the breakdown of land bank by cities and a map showing the geographic locations and the land bank of the projects of the Group in the PRC. The saleable GFA of the properties comprising the projects which had not been sold or pre-sold as at 31 December 2016 ("Land Bank") was 6,100,472 sq.m..

Land Bank by cities



A map showing the geographical location and land bank of the projects of the Group in the PRC as at 31 December 2016



Xi'an	
Project Saleable GFA in the future (sq.m.)	
Evian Qujiang	463,161

Nanjing and Jurong	
Project Saleable GFA in the future (sq.m.)	
Zijinshan No.1	48,746
Yonghuafu	463
Mr. Mountain	5,452
Evian County	42,775
Evian Huafu	229,683
The Orchid Ravine	129,961
G01	166,581
China Merchants International E City	92,269
Total	**715,930**

Chongqing	
Project Saleable GFA in the future (sq.m.)	
Changjiahui	1,241,202
Evian River Bay	472,904
Central Avenue	1,353,159
Jin Xing Hui Xiao Qu	46,132
Total	**3,113,397**

Foshan	
Project Saleable GFA in the future (sq.m.)	
Evian Water Bank	–
Evian Upper City	2,069
Evian Tianhui	378
Evian Xicheng	39,929
Park 1872	215,289
China Merchants Land Centre	181,099
Evian Yongjingwan	107,053
Evian Huafu	123,829
Evian Gongguan	147,169
China Merchants Zhenyuan	93,819
Chencun Jinchang	212,473
Total	**1,123,107**

Guangzhou	
Project Saleable GFA in the future (sq.m.)	
Jinshan Valley	350,071
Huambo	59,644
Sino-Singapore Guangzhou Knowlegde City	275,162
Total	**684,877**

The table below details the Group's property development projects as at 31 December 2016 which (i) had been completed, (ii) were under development, or (iii) were held for future development. All figures in relation to area are rounded up to the nearest whole number:

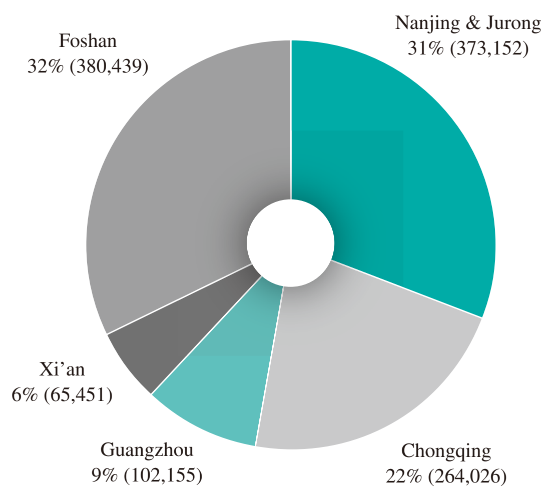
Project	The Company's attributable interest in the projects	Total GFA	Land bank	Completed: GFA completed	Completed: Total GFA saleable/ rentable	Completed: Of which sold and delivered	Completed: Of which pre-sold but not yet delivered	Completed: Of which not pre-sold/ held for investment	Under development: GFA under development	Under development: Total GFA saleable/ rentable	Under development: Of which pre-sold	Future development: Total GFA	Future development: Total GFA saleable
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
Foshan													
Evian Water Bank	50.00%	655,716	–	655,716	599,397	599,397	–	–	–	–	–	–	–
Evian Upper City	50.00%	355,992	2,069	355,992	319,965	317,896	–	2,069	–	–	–	–	–
Evian Tianhui	50.00%	301,818	378	301,818	271,941	271,563	–	378	–	–	–	–	–
Evian Xicheng	50.00%	438,393	39,929	384,082	349,732	316,889	6,015	26,828	54,311	48,975	35,874	–	–
Park 1872	100.00%	308,694	215,289	151,311	129,732	39,388	15,729	74,615	157,383	140,674	–	–	–
China Merchants Land Centre	51.00%	222,684	181,099	102,169	90,065	5,269	9,934	74,862	120,515	106,237	–	–	–
Evian Yongjingwan	50.00%	233,852	107,053	120,500	105,821	48,894	–	56,927	113,352	100,922	50,796	–	–
Evian Huafu	50.00%	386,506	123,829	285,789	251,145	197,658	27,056	26,431	100,717	97,398	–	–	–
Evian Gongguan	55.00%	317,111	147,169	123,938	120,383	104,667	1,763	13,953	193,173	187,795	54,579	–	–
China Merchants Zhengyun	40.00%	133,683	93,819	20,193	16,398	4,019	8,797	3,582	113,490	108,562	18,325	–	–
Chen Cun Jin Chang	100.00%	237,489	212,473	–	–	–	–	–	–	–	–	237,489	212,473
Foshan subtotal		3,591,938	1,123,107	2,501,508	2,254,579	1,905,640	69,294	279,645	852,941	790,563	159,574	237,489	212,473
Guangzhou													
Jinshan Valley	100.00%	1,344,095	350,071	1,047,689	834,947	727,969	–	106,978	78,406	68,468	–	218,000	174,625
Huambo	51.00%	126,202	59,644	126,202	103,611	38,233	5,734	59,644	–	–	–	–	–
Sino-Singapore Guangzhou Knowledge City	60.00%	387,872	275,162	–	–	–	–	–	210,802	142,858	–	177,070	132,304
Guangzhou subtotal		1,858,169	684,877	1,173,891	938,558	766,202	5,734	166,622	289,208	211,326	–	395,070	306,929
Chongqing													
Changjiahui	50.00%	1,896,259	1,241,202	399,402	379,780	213,192	8,622	157,966	394,186	385,111	97,320	1,102,671	795,445
Evian River Bay	100.00%	533,692	472,904	165,473	155,297	44,250	2,562	108,485	–	–	–	368,219	364,419
Central Avenue	50.00%	1,546,633	1,353,159	102,843	98,316	67,939	3,385	26,992	703,092	692,268	104,763	740,698	738,662
Jin Xing Hui Xiao Qu	100.00%	98,044	46,132	–	–	–	–	–	98,044	95,809	49,677	–	–
Chongqing subtotal		4,074,628	3,113,397	667,718	633,393	325,381	14,569	293,443	1,195,322	1,173,188	251,760	2,211,588	1,898,526

Project	The Company's attributable interest in the projects	Total GFA	Land bank	Completed: GFA completed	Completed: Total GFA saleable/ rentable	Completed: Of which sold and delivered	Completed: Of which pre-sold but not yet delivered	Completed: Of which not pre-sold/ held for investment	Under development: GFA under development	Under development: Total GFA saleable/ rentable	Under development: Of which pre-sold	Future development: Total GFA	Future development: Total GFA saleable
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
Nanjing & Jurong													
Zijinshan No.1	51.00%	213,870	48,746	213,870	145,376	96,322	308	48,746	–	–	–	–	–
Yonghuafu	51.00%	179,048	463	179,048	151,772	151,105	204	463	–	–	–	–	–
Mr. Mountain	26.01%	75,051	5,452	75,051	59,027	52,877	698	5,452	–	–	–	–	–
Evian County	26.01%	212,974	42,775	212,974	185,148	72,693	69,680	42,775	–	–	–	–	–
Evian Huafu	51.00%	359,174	229,683	–	–	–	–	–	359,174	330,224	100,541	–	–
The Orchid Ravine	51.00%	346,821	129,961	–	–	–	–	–	346,821	276,506	146,545	–	–
G01	18.36%	215,992	166,581	–	–	–	–	–	–	–	–	215,992	166,581
China Merchants International E City	70.00%	232,572	92,269	135,095	124,956	123,184	–	1,772	97,477	90,497	–	–	–
Nanjing & Jurong subtotal		1,835,502	715,930	816,038	666,279	496,181	70,890	99,208	803,472	697,227	247,086	215,992	166,581
Xi'an													
Evian Qujiang	100.00%	538,534	463,161	–	–	–	–	–	240,044	239,144	70,032	298,490	294,049
Xi'an subtotal		538,534	463,161	–	–	–	–	–	240,044	239,144	70,032	298,490	294,049
Total		11,898,771	6,100,472	5,159,155	4,492,809	3,493,404	160,487	838,918	3,380,987	3,111,448	728,452	3,358,629	2,878,558

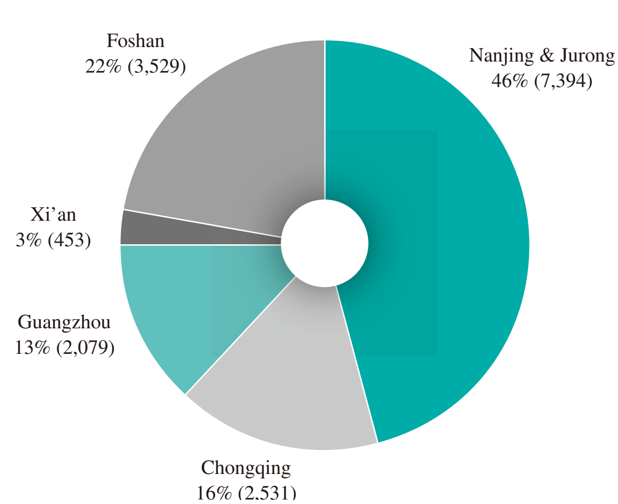
Contracted sales

For the Year, the Group, together with its associates and joint ventures, recorded contracted sales amount of approximately RMB15,986,065,000 in aggregate from five cities and the contracted sales area in aggregate was approximately 1,185,223 sq.m..

2016 contracted sales in area by region (sq.m.)



2016 contracted sales amount by region (RMB million)



Newly Acquired Land Bank

During the Year, the below lands were acquired by the Group:

Projects	**Total consideration** *(RMB million)*	**Total site area** *(sq.m.)*	**Total permissible area** *(sq.m.)*	**Average land premium** *(RMB/sq.m.)*
Foshan Chencun Jinchang	1,752	68,732	171,830	10,196
Nanjing G01	4,820	62,728	161,211	29,899

Note: Reference is made to the announcement of the Company dated 12 January 2017 in relation to the successful bidding of the Nanjing G87 Land by Nanjing Merchants Zhaosheng Property Development Limited* (南京招商招盛房地產有限公司) ("Nanjing Zhaosheng"), a company established in the PRC owned as to 51% by the Company.

In accordance with the land bidding procedures acceptable to the relevant governmental authorities, Nanjing Zhaosheng has on 13 January 2017 applied to the relevant governmental authorities of the PRC for the project company, Nanjing Hongweisheng Real Estate Development Co., Ltd. (南京弘威盛房地產開發有限公司) (the "Project Company"), to take up all the rights, benefits and obligations of the land use rights of the Nanjing G87 Land.

The financial accounts of the Project Company shall not be consolidated into the accounts of the Group since the incorporation of the JV Company.

Foshan

In 2016, contracted sales amount in Foshan were approximately RMB3,529 million and contracted sales area was 380,439 sq.m. As at 31 December 2016, total GFA of the Group's projects in Foshan reached 3,591,938 sq.m. and the saleable GFA in the future amounted to 1,123,107 sq.m.

In 2016, sales of the Group's projects in Foshan mainly comprised of Evian Huafu, China Merchants Land Centre and China Merchants Zhenyuan:

– Evian Huafu is a residential project located at the core area of Xiaode River Plate, Luocun, Nanhai District, Foshan City, with convenient transportation, shopping, entertainment, medical and educational facilities reachable within 5 minutes' drive. It only takes 10 minutes' drive to Foshan West Railway Station and Foshan Airport as well as the Changui Center of Foshan and 20 minutes' drive to Guangzhou. The geographical location near Xiaode River bestows Evian Huafu a brilliant view of natural beauty.

– China Merchants Land Centre is situated at the core of Zone C of New Financial Area in Foshan, which comprises two 5A Grade-A office buildings of 192 metre and 120 metre high. The project, equipped with O2O developed by Shekou Net Valley (蛇口網谷) and iCloud smart office system, will make a path for new commercial complex in Foshan and create the first high-end theme-based commercial complex in Foshan.

– China Merchants Zhenyuan occupies the urban core area and situates at the top three wealthy districts. The project is situated adjacent to endowed ecological habitat and surrounded by the lake, creating the top-notch ecologically livable high-end resident district in Foshan. The entire project presents a slope of low at the south and high at the north, connoting a meaning of ascending. The China Merchants Zhenyuan, a south facing project, can maximize the feeling of light, and capture abundant natural light all year round. It brings excellent air through all seasons, creating a comfortable living environment throughout the years. The parks are designed based on a delicate chess board landscape idea featuring premier pines from Japan, in order to create a brilliant community park and tranquil landscape.

Guangzhou

In 2016, contracted sales amount in Guangzhou were approximately RMB2,079 million and contracted sales area was 102,155 sq.m. As at 31 December 2016, total GFA of the Group's projects in Guangzhou reached 1,858,169 sq.m. and the saleable GFA in the future amounted to 684,877 sq.m.

In 2016, the Group's saleable project in Guangzhou was Jinshan Valley, which is a high-end residential and commercial complex located in Panyu District of Guangzhou. It is conveniently adjacent to various major expressways in the area and is within 15 minutes' driving distance from the Pearl River New City, the central business district of Guangzhou.

Chongqing

In 2016, contracted sales amount in Chongqing were approximately RMB2,531 million and contracted sales area was 264,026 sq.m. As at 31 December 2016, total GFA of the Group's projects in Chongqing reached 4,074,628 sq.m. and the saleable GFA in the future amounted to 3,113,397 sq.m.

In 2016, sales of the Group's projects in Chongqing mainly comprised of Changjiahui, Central Avenue and Jin Xing Hui Xiao Qu:

– Changjiahui is an urban complex project comprising mutil-commercial facilities. Located at the junction of Chang Jiang and Jia Ling Jiang, and the centre of CBD at Nanbin Road, which is within the same proximity where the CBD of Chongqing People's Liberation Monument and the CBD of Jiang Bei Zui are situated. It has now become the convergence of commercial and financial golden delta featuring international trends and characteristics in Chongqing.

– Located at the Standard Sub-zone F, Lianglu Zone, Yubei District, Chongqing, the Central Avenue is a comprehensive community with residences, retails and office functions covering a total site area of 40 hectares, where New Aerial Port City is situated. The Central Avenue is in proximity to Conference and Convention Centre, Chongqing International Expo Centre. This region is assessable by convenient transportation network. Meanwhile there are several stops of Light Rail Line 3 and 6 in New Aerial Port City and Central Avenue is close to the panoramic Central Park.

– Jin Xing Hui Xiao Qu is mainly a residential project comprising three high-rise buildings, one block of sky shops and frontage shops. Located at the International Commerce and Trade Headquarters within the Guanyinqiao Commercial Center as well as the junction of Yao Zi Qiu and Xiao Yuan Pian Qu, the project links Yu Ao Avenue and all key hot spots. There are commercial, parks, education, medical facilities as well as supermarkets and hotels nearby which satisfy various needs in everyday life.

Nanjing and Jurong

In 2016, contracted sales amount in Nanjing and Jurong were approximately RMB7,394 million and contracted sales area was 373,152 sq.m. As at 31 December 2016, total GFA of the Group's projects in Nanjing and Jurong reached 1,835,502 sq.m. and the saleable GFA in the future amounted to 715,930 sq.m.

In 2016, strong sales of the Group's projects in Nanjing and Jurong mainly comprised of Evian Huafu, The Orchid Ravine and Evian County:

– Evian Huafu is a residential, commercial and office complex located at the CBD of New Town of Yanziji, Nanjing city. It is built for developing into a city-class complex combining leisure, entertainment and trendy shopping faciliites. On the south of the project lies Wanshoucun Subway Station, providing easy and convenient transportation. Subway Line No.6, Dual Subway Line No. 7 as well as 21 bus routes, 12 main roads and Jingwu Road and Xixia Avenue are all broadened as city-class main avenues. The project has provided the Bei Cheng residents with a family-oriented plaza for shopping and relaxation, a neighborhood-oriented center for culture and art appreciation and a social space with parks and gardens.

– The Orchid Ravine is a residential, commercial and serviced-apartment complex located in Jiangbei New District in Nanjing, the one and only national-class new district in Jiangsu Province, with enormous potentials for development and appreciation. Closely on the north side of the project lies the scenic spot of Longwang Mountain, which bestows the project with excellent natural views. On the east side is Jiangbei Fast Pathway, providing convenient transportation, through which people can reach Hexi and city center within half an hour's drive.

– Evian County is a residential project located in the Airport New Town of Jiangning District, Jiangsu Province. The project is adjacent to Lukou town center with comprehensive facilities. The project is only 2km away from the Xiangyu Station of the light metro line at the airport which featured with an excellent transport connection with main roads (such as Airport Expressway, Shuanglong Avenue, Jiangjun Avenue) to the main city.

Xi'an

In 2016, contracted sales amount in Xi'an were approximately RMB453 million and contracted sales area was 65,451 sq.m. As at 31 December 2016, total GFA of the Group's projects in Xi'an reached 538,534 sq.m. and the saleable GFA in the future amounted to 463,161 sq.m..

The project will be named as Evian Qujiang, located at the second phase of Qujiang New Town, Xi'an. Connected to Nan San Huan, Hangtai Main Road and in proximity to Subway Line 4, the Project is close to the top three parks in the city. It only takes 10 minutes' drive to directly access to the core of the first phase of Qujiang, which caters for diversified needs such as shopping, entertainment and food and beverage.

Electronic Trading Business and Property Related Procurement Business

The Group will balance the synergies in property related procurement business and the main business in property development to determine the resources to be allocated to the trading procurement business.

FINANCIAL AND TREASURY MANAGEMENT PRINCIPLES

As at 31 December 2016, the net assets attributable to owners of the Company were RMB5,993,416,000 (2015: RMB5,178,196,000).

In June 2015, the Company's direct wholly-owned subsidiary completed the issuance of the guaranteed convertible bonds due in June 2020 (credit enhanced until July 2018) in the aggregate principal amount of US$290,000,000 bearing coupon rate at 0.50% per annum ("Convertible Bonds"). In December 2013, the Group completed the issuance of five-year term credit enhanced bonds in the aggregate principal amount of US$500,000,000 bearing coupon rate of 4.021% per annum ("Bond"). The rates of the Convertible Bonds and the Bond, which are fixed and unchanged during their subsisting period, bear simple interest rather than compound interest and the interest are payable half-yearly. Both the Convertible Bonds and the Bond are listed on the Stock Exchange, since 24 June 2015 and 12 December 2013 respectively. The fund raised from the issuance of the Convertible Bonds and the Bond are for the purpose of general corporate use.

As disclosed in the Company's announcement dated 31 May 2016, following the completion of the change in control of Eureka Investment Company Limited from China Merchants Property Development Co., Ltd ("CMPD") to CMSK, CMSK became the controlling shareholder of the Company. The Company has issued a notice (the "Notice") to holders of the Bond on 31 May 2016 of the change of control event. In the Notice, each holder of the Bond has an option to require the Company to redeem all but not some of that holder's Bond on the put settlement date (the "Put Settlement Date") at 100% of their principal amount, together with accrued interest to such Put Settlement Date (the "Put Option"). Such right was started on 1 June 2016 and ending on 30 June 2016. The Put Settlement Date was taken place on 14 July 2016 whereby the Company has redeemed a total amount of US$500,000 of the Bonds. The current redemption does not affect the use of capital by the Company.

As at 31 December 2016, bank balances and cash was RMB5,810,922,000 (2015: RMB3,697,337,000). In terms of currency denomination, bank balances and cash can be divided into RMB5,346,143,000 in Renminbi, RMB461,426,000 in US$ and RMB3,353,000 in Hong Kong dollars ("HK$").

As at 31 December 2016, total interest-bearing debt of the Group was RMB14,684,380,000 (2015: RMB11,797,252,000). In terms of maturity, the outstanding total interest-bearing debt (excluding the Convertible Bonds and the Bonds) can be divided into RMB6,615,021,000 repayable within one year, RMB2,051,595,000 repayable after one year but within two years and RMB876,117,000 repayable after two years but within five years. In terms of currency denomination, the outstanding total interest-bearing debt can be divided into RMB8,789,484,000 in Renminbi and RMB5,894,896,000 in US$.

At 31 December 2016, the Group's net interest-bearing debt (total interest-bearing debt minus bank balances and cash) to equity ratio (including non-controlling interests) (the "net gearing ratio") was 63% (2015: 69%). Although the financial position of the Group is stable and the potential financing capacity is strong, the Group will continue to take the relatively stable financial policies and to control the net gearing ratio at the industry average level.

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in RMB, US$ and HK$. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimised via balancing the monetary assets versus monetary liabilities. As the Convertible Bonds and the Bond were denominated in US$, while the Group conducts its sales, receivables, payables and expenditures in RMB for its PRC property development business, the management will closely monitor the volatility between RMB and US$ exchange rates and might consider hedging should the need arises.

NON-COMPETITION DEED

To minimise actual and potential competition, the Group and CMPD entered into a non-competition deed on 19 June 2013 as amended and supplemented on 4 October 2013 (the "Non-Competition Deed"). On 30 December 2015, the Company, CMPD and CMSK[Note 1] had entered into a deed of amendment and novation ("Novation Deed") pursuant to which all the obligations, undertakings, interests and benefits of CMPD under the Non-Competition Deed were novated to and undertaken by CMSK in replacement of CMPD as if CMSK has been a party to the Non-Competition Deed in substitution of CMPD with effective from 30 December 2015. Other than that, all the other terms of the Non-Competition Deed shall remain unchanged[Note 2].

Pursuant to the Non-Competition Deed (as amended by the Novation Deed), (i) CMSK and its subsidiaries (excluding the Group) ("CMSK Group") will not compete with the Group in the cities of Foshan, Guangzhou, Chongqing and Nanjing ("Target Cities") except for certain operation transitional assets ("Operation Transitional Assets") located in three out of the four Target Cities ("Overlapping Target Cities") which would be retained by CMSK Group but managed by the Group under certain operation agreement entered into between the Group and CMSK; (ii) the Group will not compete with CMSK in 21 other cities in the PRC ("CMSK Cities"); (iii) and the Group will have a right of first refusal to conduct property business in any city in which neither CMSK nor the Group has any property business as at the date of the Non-Competition Deed. For details of the Non-Competition Deed, the Overlapping Target Cities, Operation Transitional Assets and the CMSK Cities, please refer to the section headed "Relationship with the Controlling Shareholders" in the circular of the Company dated 10 October 2013.

The independent board committee comprising all the independent non-executive Directors of the Company, had (i) reviewed the quarterly reports prepared by the Company's management containing latest information on the respective property projects portfolios of CMSK Group and the Group; (ii) carried out a review on the implementation of and compliance with the Non-Competition Deed by CMSK Group and the Group during the year ended 31 December 2016; and (iii) confirmed that the terms of the Non-Competition Deed had been complied with by CMSK Group and the Group during the year ended 31 December 2016.

The Group will continue focusing on developing its property development business in the 4 Target Cities and the 2 new cities entered in 2014 and will also select other new cities carefully for investment and development should appropriate opportunities arise.

Notes:

1. According to the announcements published by CMSK and CMPD on the Shenzhen Stock Exchange, on 30 December 2015, CMSK and CMPD had completed the major asset restructuring and integration exercise pursuant to which, among other things, all assets, liabilities, businesses, employees, contracts and all others rights and obligations of CMPD have been taken up and assumed by CMSK in replacement of CMPD, CMPD was delisted from the Shenzhen Stock Exchange and the shares of CMSK became listed on the Shenzhen Stock Exchange, all with effect from 30 December 2015.

2. In the above paragraphs under the heading of "Non-competition Deed", for the avoidance of doubt, references to CMSK should be construed as referring to CMPD in the context of any time before 30 December 2015.

OUTLOOK AND PROSPECTS

Looking ahead in 2017, facing the increasing uncertainties of global economy, and China's economy is still experiencing a serious structural problem. During the meeting on economic tasks of the central government, the major direction on an aggressive yet stable basis has been identified, with transformation of China's economy under the new normal. Through these, China's economy will gradually undergo sustainable economy development. The properties market will continue to face regional polarization. The markets in first and second tier cities will enter adjustment stage, while those in third and fourth tier cities still consider de-stocking as its major task. It is expected that the adjustment policies will continue to stabilize the demand of homes for self-occupation, and suppress home buying for investment. Against the backdrop of such adjustment and the increase of interest rate, the property market will move forward with pressure. The formidable participants in the industry will stay strong, resulting in more frequent opportunities of mergers and acquisitions activities.

The Group will monitor closely the trend of market development and the changes in adjustment policies. As the growth of properties markets is facing a turning point, the Group will proactively adopt flexible sales and development strategies to respond steadily. In the meantime, the Group will focus on the changes in land markets and seek for resources integration. Confronted by the gradual shift from increasing homes to stocking homes in the properties market, the Group will proactively implement the development of diversified transformation extended by the value chain to create value for its shareholders.

EMPLOYEE REMUNERATION AND RELATIONS

The Group remunerates the employees by reference to their qualifications, experience, responsibilities, profitability of the Group and current market conditions.

As at 31 December 2016, the Group had 661 (2015: 583) employees in the PRC and Hong Kong.

The Group determines its staff remuneration based on factors such as qualifications, year of experience, market conditions and performance of the individual employees. A share option scheme was adopted at the annual general meeting of the Company held on 27 September 2011 (the "2011 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations. No grants under the 2011 Share Option Scheme were made during the year ended 31 December 2016.

CONTINGENT LIABILITIES

The Group has contingent liabilities amounted to RMB3,636,746,000 as at 31 December 2016 (2015: RMB2,492,062,000).

PLEDGE OF ASSETS

As at 31 December 2016, land located in Chongqing with carrying values of approximately RMB362,110,000 (2015: RMB699,289,731) have been pledged to secure bank borrowings amounting to RMB170,000,000 (2015: RMB187,800,000) granted to the Group.

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

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive directors and one non-executive director. Dr. Wong Wing Kuen, Albert, chairman of the Audit Committee, has the appropriate professional qualification and experience in financial matters as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). This committee is authorised by the Board and is responsible for reviewing the financial reports, internal control principles and for maintaining an appropriate relationship with the Company's auditors. The Audit Committee has reviewed the Group's consolidated financial statements for the Year, including the internal controls, financial reporting matters, accounting principles and practices adopted by the Group.

SCOPE OF WORK OF MESSRS. SHINEWING (HK) CPA LIMITED

The figures above in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this preliminary results announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited 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 SHINEWING (HK) CPA Limited on the preliminary announcement.

CORPORATE GOVERNANCE CODE

The Company is committed to fulfilling its responsibility to its shareholders and protecting and enhancing shareholder value through solid corporate governance. For the year ended 31 December 2016, the Company has complied with the code provisions (the “Code Provisions”) of the Corporate Governance Code (the “HKCG Code”) contained in Appendix 14 of the Listing Rules, save that:

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. The non-executive Directors and all the independent non-executive Directors do not have specific terms of appointment. However, all of them are subject to retirement by rotation and re-election at annual general meetings according to the Company’s articles of association. The Board considers that the requirement has the same effect of accomplishing the same objective as a specific term of appointment.

Code Provision A.6.7 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings, and develop a balanced understanding of the views of shareholders. Mr. Xu Yongjun and Mr. Yan Chengda, both are non-executive Directors and Mr. He Qi, an independent non-executive Director, did not attend the annual general meeting of the Company held on 26 April 2016 due to other business engagement. However, there were sufficient executive Directors, independent non-executive Directors and non-executive Directors present to enable the Board to develop a balanced understanding of the views of the Company’s shareholders.

Code Provision E.1.2 stipulates that the chairman of the Board should attend the annual general meeting. Mr. Xu Yongjun, chairman of the Board, could not attend the annual general meeting held on 26 April 2016 due to other business engagement which was a deviation from Code Provision E.1.2. However, he has appointed Mr. Huang Junlong, a non-executive Director, to be his alternate director and acted as chairman of the annual general meeting.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Group has adopted its code of conduct for securities transactions by directors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2016.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on Friday, 28 April 2017 at 10:30 a.m.. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting of the Company to be held on Friday, 28 April 2017 at 10:30 a.m., the register of members of the Company will be closed from 25 April 2017 to 28 April 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 24 April 2017.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE WEBSITE

The annual report of the Company for the Year containing all information required by the Listing Rules will be despatched to the Company's shareholders and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at ir.cmland.hk.

On behalf of the Board
China Merchants Land Limited
Xu Yongjun
Chairman

Hong Kong, 7 March 2017

As at the date of this announcement, the Board comprises Mr. Xu Yongjun, Mr. Huang Junlong, Mr. Yan Chengda and Ms. Liu Ning as non-executive Directors; Dr. So Shu Fai, Mr. Yu Zhiliang and Mr. Wong King Yuen as executive Directors and Dr. Wong Wing Kuen, Albert, Ms. Chen Yanping, Dr. Shi Xinping and Mr. He Qi as independent non-executive Directors.