

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in property development, property investment and property management in the PRC during the year. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

Please refer to the subsections headed "Business Review", "Environmental Policies and Performance", "Compliance with Relevant Laws and Regulations" and "Key Relationships with Employees, Customers and Suppliers" in the section headed "Management Discussion and Analysis" of this annual report for a business review of the Group for the year ended 31 December 2016.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2016 and the Group's financial position at that date are set out in the financial statements on pages 80 to 178.

The Directors recommend the payment of a final dividend of HK14 cents per ordinary share in respect of the year to shareholders whose names appear on the register of members on 20 June 2017 subject to approval by shareholders of the Company in the forthcoming annual general meeting of the Company.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities, perpetual capital instruments and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on pages 179 to 180. This summary does not form part of the audited financial statements.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property and equipment and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in note 18 to the financial statements.

COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in note 24 to the financial statements.