Overseas Chinese Town (Asia) Holdings Limited
華僑城(亞洲)控股有限公司
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03366

ANNUAL REPORT 2015

CONTENTS

Corporate Information

Board of Directors	**Executive Directors** Ms. Wang Xiaowen *(Chairman)* Ms. Xie Mei *(Chief Executive Officer)* Mr. Lin Kaihua **Non-executive Director** Mr. Zhou Ping **Independent Non-executive Directors** Mr. Lu Gong Ms. Wong Wai Ling Professor Lam Sing Kwong Simon
Audit Committee	Ms. Wong Wai Ling *(Chairman)* Professor Lam Sing Kwong Simon Mr. Zhou Ping
Remuneration Committee	Ms. Wong Wai Ling *(Chairman)* Professor Lam Sing Kwong Simon Mr. Zhou Ping
Nomination Committee	Ms. Wang Xiaowen *(Chairman)* Ms. Wong Wai Ling Professor Lam Sing Kwong Simon
Qualified Accountant and Company Secretary	Mr. Fong Fuk Wai *(FCPA, FCCA, ACA)*
Head Office and Principal Place of Business	Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Registered Office	Clifton House PO Box 1350 GT 75 Fort Street Grand Cayman Cayman Islands

Corporate Information

Auditor	RSM Hong Kong Certified Public Accountants 29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay Hong Kong
Hong Kong Legal Advisor	Loong & Yeung Suites 2001-2006 20/F, Jardine House, 1 Connaught Place Central, Hong Kong
Principal Bankers	China Construction Bank (Asia) Corporation Limited DBS Bank (Hong Kong) Limited Hang Seng Bank Limited Nanyang Commercial Bank OCBC Wing Hang Bank Limited Standard Chartered Bank (HK) Ltd.
Principal Share Registrar and Transfer Office	Appleby Corporate Services (Cayman) Limited Clifton House PO Box 1350 GT, 75 Fort Street Grand Cayman, Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712-16, 17/F Hopewell Centre 183 Queen's Road East, Hong Kong
Stock Information	Listing Date: 2 November 2005 Stock Code: 03366 Stock Short Name: OCT (ASIA)
Company website	http://www.oct-asia.com
Authorized Representatives	Ms. Xie Mei Mr. Fong Fuk Wai

Financial Highlights

Summary of Consolidated Statement of Profit or Loss

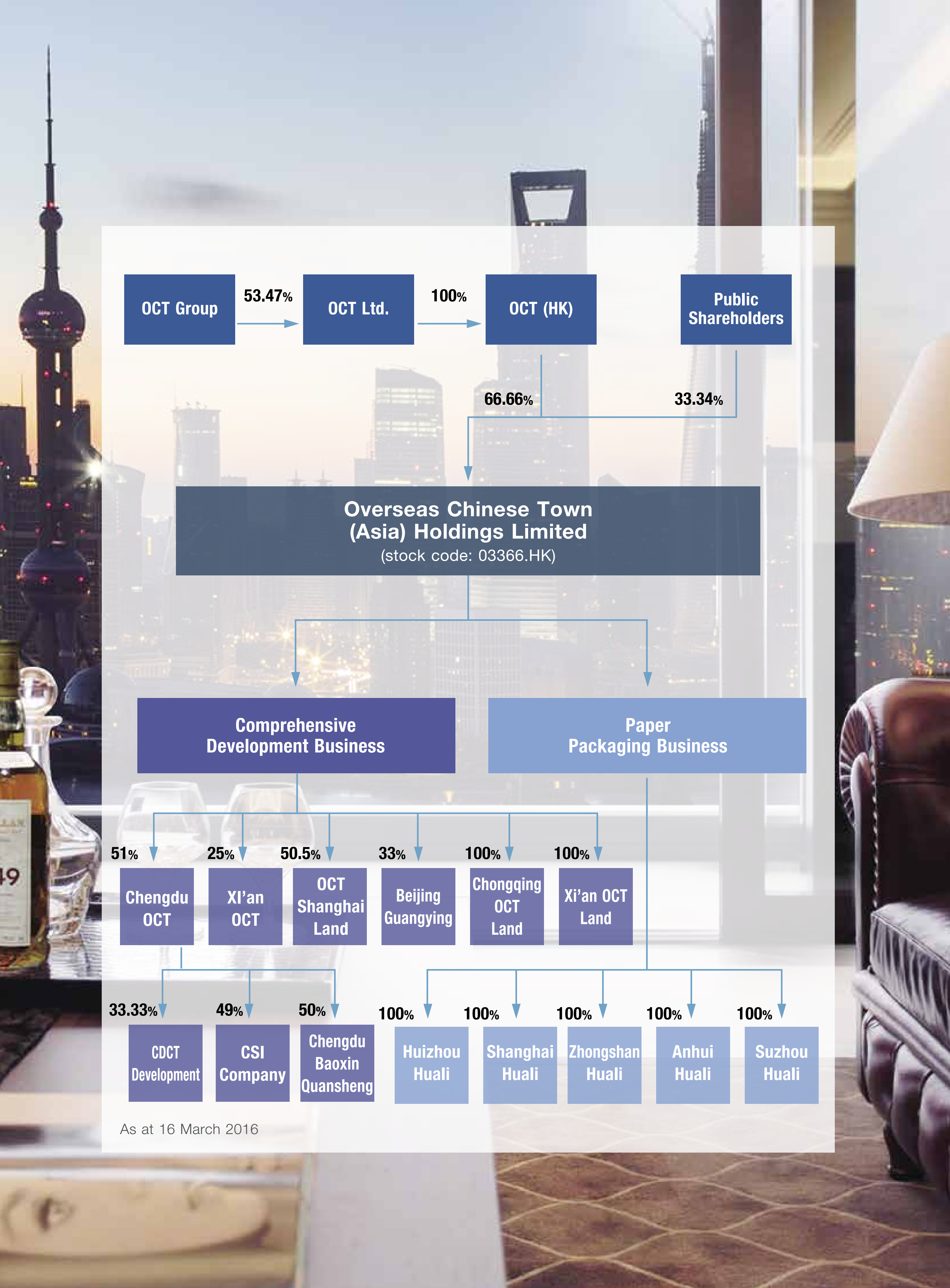
for the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000	Changes (approximately)
Revenue	6,436,110	3,796,572	69.5%
Gross profit	2,021,154	1,246,264	62.2%
Profit from operations	1,401,302	858,614	63.2%
Profit before tax	1,366,674	991,315	37.9%
Profit attributable to owners of the Company	273,042	326,028	(16.3)%
Dividend payable to owners of the Company during the year			
Proposed final dividend after the end of the reporting period	92,813	97,344	(4.7)%
Basic earnings per share (RMB)	0.40	0.49	(18.4)%

Summary of Consolidated Statement of Financial Position

as at 31 December 2015

	2015 RMB'000	2014 RMB'000	Changes (approximately)
Cash and cash equivalents	3,374,156	3,763,918	(10.4)%
Total assets	22,079,524	21,858,010	1.0%
Total assets less current liabilities	15,108,735	16,348,154	(7.6)%
Equity attributable to owners of the Company	3,035,855	2,998,057	1.3%



As at 16 March 2016

Chairman's Statement

On behalf of Overseas Chinese Town (Asia) Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present to all shareholders the operating results and annual report of the Group for the year ended 31 December 2015 (the "Period Under Review"), and would like to express my sincere gratitude to all shareholders and all the staff.

Business Review

In 2015, the global economy was moving along the path of recovery amidst twists and turns. Overall, developing countries faced slowdown in economic growth, while China's economy was further characterized by the "new normal state". Despite such complex domestic and international economic conditions, the Group adhered to its established strategy, and achieved steady development in its businesses leveraging on its extensive experience and high quality products.

During the Period Under Review, the Company recorded a revenue of approximately RMB6,436 million, representing an increase of approximately 69.5% over the corresponding period of 2014. Profit attributable to shareholders amounted to approximately RMB273 million, representing a decrease of approximately 16.3% as compared with the corresponding period of 2014. Excluding the effect of earnings from disposal of a subsidiary in 2014, the profit attributable to the shareholders increased significantly over the corresponding period of 2014.

Comprehensive Development Business

In 2015, the People's Bank of China had initiated five rounds of cutting of Required Reserve Ratio (RRR) and interest rate, which resulted in the increase in market liquidity and decrease in capital cost. Due to these favorable factors, combined with favorable policy support resulting from the gradual release of purchase restriction on the purchase of second house in some cities, the domestic property market experienced a stable release in demand. In particular, both volume and price recorded a rise in first-tier and key second-tier cities. Overall, the property market saw improvement during the relevant period. Leveraging on the market opportunities, the Group achieved satisfactory operating results in its comprehensive development by taking advantage of its brand and greater promotional efforts.

During the Period Under Review, the comprehensive development business of the Company recorded a revenue of approximately RMB5,596 million, representing an increase of about 89.8% when compared with the corresponding period of 2014; profit attributable to shareholders amounted to approximately RMB255 million, representing a decrease of approximately 17.1% over the corresponding period of 2014. Excluding the effect of earnings from disposal of a subsidiary in 2014, the profit attributable to the shareholders for comprehensive development business increased significantly over the corresponding period of 2014.

Chairman's Statement

Strengthening Focused Areas and Enriching Resource Reserves

During the Period Under Review, the Group successfully acquired three new projects, namely the acquisition of the OCT Chang'an Metropolis Project, subscription for the shares in 成都文化旅遊發展股份有限公司 (Chengdu Culture & Tourism Development Company Limited) ("CDCT Development") and 成都體育產業有限責任公司 (Chengdu Sports Industry Company Limited) ("CSI Company"). These new projects will facilitate the expansion of the income sources of the Group and the enhancement in the overall return of the Group.

The OCT Chang'an Metropolis Project (owned as to 100% by the Company)

On 9 October 2015, the Group entered into an asset acquisition agreement with 長安控股（集團）有限責任公司 (Chang'an Holdings (Group) Company Limited) and its subsidiaries (the "Vendor") to acquire some properties in Building 2# and Building 3# and certain car parking spaces located at Chang'an Metropolis Centre, No. 88 Nanguanzheng Street, Xi'an, the PRC (the "OCT Chang'an Metropolis Project") for a consideration of approximately RMB1.59 billion. The aggregate gross floor area involved in such transactions was approximately 104,700 sq.m.. As one of the key cities involving the "One Belt and One Road" initiative developed by the Chinese government, Xi'an boasts economic vibrancy and significant potential for development. Located at the core business district of Zhonglou at the centre of Xi'an city, and adjacent to the Yongningmen metro station, the OCT Chang'an Metropolis Project enjoys superior location and convenient transportation as well as strong business atmosphere.

The OCT Chang'an Metropolis Project represents another strategic move of the Group subsequent to its involvement in the Xi'an OCT Project with participation interest. Up to End of February 2016, the Group has obtained the building ownership certificates of Building 2# and car parking spaces of the OCT Chang'an Metropolis Project.

CDCT Development (owned as to 33.33% by Chengdu OCT)

On 24 April 2015, 成都天府華僑城實業發展有限公司 (Chengdu Tianfu OCT Industry Development Company Limited) ("Chengdu OCT"), a non-wholly owned subsidiary of the Group, won the public tender for the subscription of 25,000,000 shares of CDCT Development for a consideration of approximately RMB265 million (the "Subscription"). The shares under the Subscription represent approximately 33.33% of CDCT Development's equity interests as enlarged by the Subscription. The Subscription has been completed in June 2015.

Chairman's Statement

CDCT Development owns the Xiling Snow Mountain Ski Resort in the national forest park "Xiling Snow Mountain", a national AAAA tourist attraction, as well as the high-quality assets including the auxiliary hotels and cableway in Dayi County, Chengdu, Sichuan Province. These assets will broaden the investment portfolio of the Group, and generate stable return for the Group. On 15 December 2015, the shares of CDCT Development were successfully listed on the National Equities Exchange and Quotation System (also known as the New Third Board).

CSI Company (owned as to 49% by Chengdu OCT)

On 18 December 2015, 成都華僑城創盈企業管理有限公司 (Chengdu OCT Chuang Ying Enterprise Management Company Limited) ("Chengdu Chuang Ying"), a wholly-owned subsidiary of Chengdu OCT, won the public tender in respect of the 15% equity interests in CSI Company held by 成都文化旅遊發展集團有限責任公司 (Chengdu Culture & Tourism Development Group Limited Liability Company) ("Chengdu Culture & Tourism") at a total consideration of approximately RMB798 million and the capital injection of approximately RMB651 million into CSI Company (the "Transfer") and entered into an agreement in respect of the Transfer on 25 December 2015. The Transfer has been completed in January 2016, Chengdu Chuang Ying owns 49% equity interests in the CSI Company.

CSI Company owns a parcel of land located in Luomashi business district, a core business district in Chengdu, Sichuan province, of which a site area of approximately 15,300 sq.m. will be developed for commercial purpose in the future and will be developed into a commercial complex project namely "the Vitality Centre", which is a landmark building in the core area of the centre of Chengdu City. CSI Company owns and operates the largest stadium in Chengdu capable of accommodating about 40,000 persons for holding activities such as large-scale performances and sports competitions, which continuously generates revenue for CSI Company. The project will enlarge the portfolio of projects of the Group in Chengdu, and will enhance the Group's brand influence in the city.

Current Projects Recorded Excellent Results from Market Opportunities

The Shanghai Suhewan Project (owned as to 50.5% by the Company)

The Shanghai Suhewan Project, which is developed by 華僑城（上海）置地有限公司 (Overseas Chinese Town (Shanghai) Land Company Limited) ("OCT Shanghai Land"), is advantageously situated at the junction of Suzhou River and Huangpu River banks, spanning across 1 km on the shorelines of Suzhou River and within the core district of the inner ring of Shanghai and possesses the scarce landscape resources. The project comprises three parcels of land, namely 1 Block, 41 Block and 42 Block with a total site area of approximately 71,000 sq.m., a gross floor area (above ground) of approximately 280,000 sq.m. and a total gross floor area of approximately 430,000 sq.m.. The project is a riverside city comprehensive project featuring a fusion of cultural heritage, art, fashion, commercial and residential properties as well as urban recreational facilities including multi-storey riverside residential buildings, luxury residential properties, apartment-style offices, luxury hotels, boutique business premises and studios for artists, etc.

In 2015, the residential and land markets in Shanghai remained buoyant. In particular, turnover of luxury residential properties with an average price of above RMB100,000 per sq.m. recorded explosive growth, and the volume of turnover hit a new high in terms of total volume of turnover for the corresponding periods in Shanghai. In 2015, in the face of fierce competition in the luxury residential property market, the Shanghai Suhewan Project stood out as the champion in terms of sales area and sales amount among the list of luxury properties with an national average price of above RMB100,000 per sq.m.. Such excellent performance was achieved by fully utilizing its multi-layer comprehensive advantages in location,

Chairman's Statement

planning, products, as well as promotion and operation. During the Period Under Review, the Shanghai Suhewan Project introduced waterfront multi-storey residential properties highly scarce in the market, luxury high-rise residential properties with excellent views, low-density residential properties, apartment-style offices and some of the boutique business premises. The contracted sales area and amount of Shanghai Suhewan Project were approximately 41,000 sq.m. and approximately RMB3.87 billion respectively, with contracted sales amount which substantially increased by approximately 171% as compared with the same period of 2014, and the settled area and amount were approximately 38,000 sq.m. and approximately RMB3.31 billion respectively, with settled amount greatly increasing by approximately 214.9% as compared with the same period of 2014.

In 2015, the Shanghai Suhewan Project won a number of major awards. In addition to the awards received from "International Property Awards 2015", which is known as the "Real Estate Oscar", including "Asia Pacific 2015 Highly Commended Apartment" and "Asia Pacific 2015 Highly Commended Residential Renovation/ Redevelopment", the project was also awarded the "Luban Award" granted by the PRC Ministry of Construction, which represented the supreme honour for quality of construction and engineering in the country.

With its gradual maturity, the Shanghai Suhewan Project presented the supreme quality of products to

the market, established the most leading valued brand in the luxury residential market of Shanghai, and also effectively enhanced the overall value of the neighboring district and gradually makes Suhewan District a luxury homes district in the city centre of Shanghai.

The Chengdu OCT Project (owned as to 51% by the Company)

The Chengdu OCT Project is located at both sides of Shaxi Line of Outer Sanhuan Road, Jinniu District, Chengdu City, Sichuan Province, which has been developed into a composite project, comprising residential, commercial properties and a theme park, occupying a total site area of approximately 1,827,000 sq.m. and gross floor area of approximately 2,250,000 sq.m..

During the Period Under Review, Chengdu OCT recorded a revenue of approximately RMB2,287 million. Properties sold mainly comprised high-end office, high-rise residential properties, multi-storey residential properties and some of the low-density residential properties. During the Period Under Review, the contracted sales area and revenue of the residential and office property reached approximately 106,500 sq.m. and approximately RMB1.239 billion respectively, while the settled area and revenue was approximately 188,200 sq.m. and approximately RMB2.004 billion respectively. The current rentable area for commercial

Chairman's Statement

use is approximately 77,700 sq.m., of which 99% has been occupied, and was awarded "Chengdu Featured Business District" by the Bureau of Commerce of Chengdu. Chengdu Happy Valley achieved a revenue of approximately RMB283 million, with a visitor flow of approximately 2.53 million.

In 2015, The fourth phase of Chengdu OCT Riverside Project（純水岸四期工程）won the "National Quality Project Award for 2014-2015"(2014-2015年度國家優質工程獎) awarded by the Construction Enterprise Management Association of China, the "OCT · Dong'an" developed by the Chengdu OCT won the "The Most Influential Villa in China 2015" award granted by the Chengdu Media Group. In January 2016, Chengdu OCT officially signed an agreement to introduce a Wal-Mart's Sam's Club store, the first in southwest China. It is expected that the store will become an important part of Chengdu OCT's unique commercial street, marking the acceleration in the materialization of commercial facilities of Chengdu OCT.

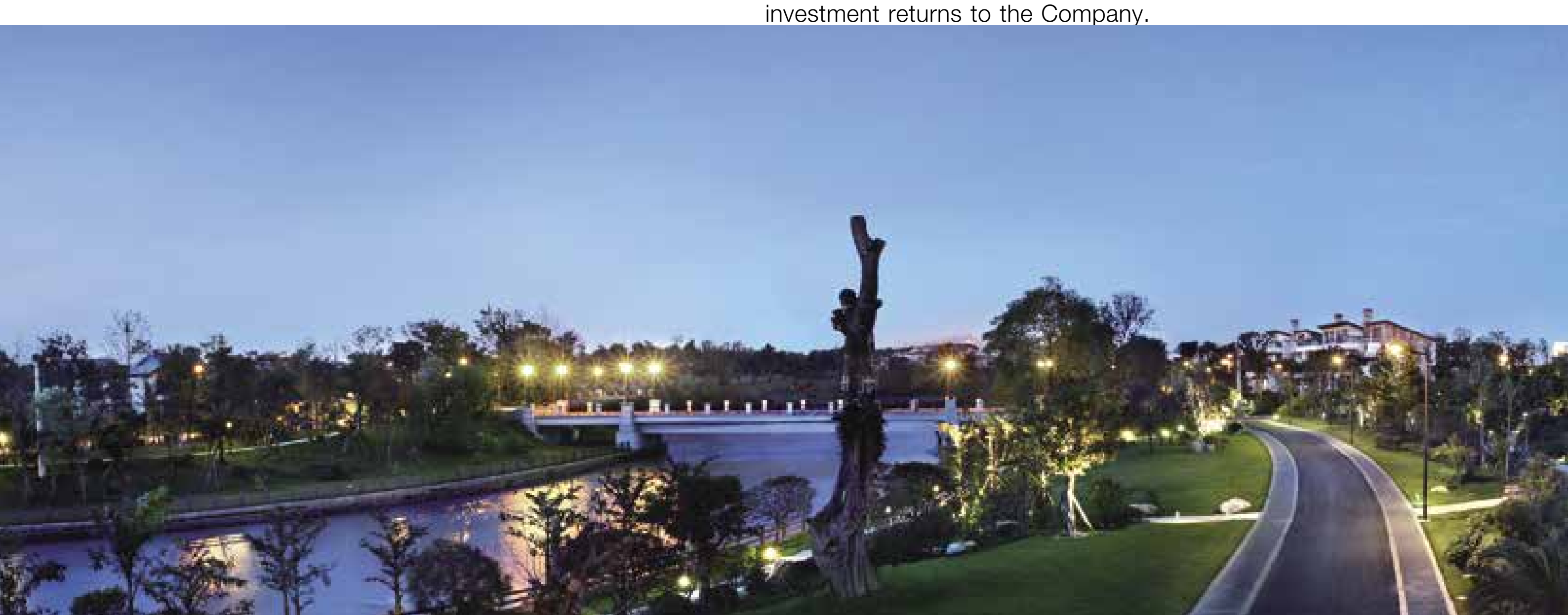
Beijing Unique Garden Project (owned as to 33% by the Company)

Beijing Unique Garden Project, launched by 北京廣盈房地產開發有限公司 (Beijing Guangying Residential Property Development Limited), is located at Laiguangyingxiang in Chaoyang District, Beijing, with a total site area of approximately 73,000 sq.m. and a total gross floor area of approximately 182,000 sq.m.. The project consists of residential properties entirely. In 2015, the Beijing Unique Garden Project continued its hot sales, and recorded profits due to the commencement of recognition of revenue, and made profit contribution to the Company for the first time. During the Period Under Review, Beijing Unique Garden Project focused on the sales of high-rise residential properties. The contracted sales area and amount were approximately 41,000 sq.m. and approximately RMB2.248 billion respectively, and the settled area and amount were approximately 70,000 sq.m. and approximately RMB3.135 billion respectively. During the Period Under Review, Beijing Unique Garden Project contributed an investment return of approximately RMB188 million to the Company.

In 2015, Beijing Unique Garden Project was awarded the "The Most Influential Property in China 2015" granted on the FANG.COM fifteenth session of the Annual Meeting on Real Estate Development in China, and the "Quality Luxury Residential Property 2015" granted by the Beijing Times.

The Xi'an OCT Project (owned as to 25% by the Company)

Located at No. 2 of Second Beichitou Road, to the east of Tang Paradise, Qujiang New District, Xi'an City, Shanxi Province, Xi'an OCT Project is in proximity to several famous scenic spots. The land has a total site area of approximately 137,000 sq.m., most products are low density residential properties. During the Period Under Review, contracted sales area and revenue reached approximately 28,000 sq.m. and approximately RMB460 million respectively. The settled area and revenue were approximately 19,500 sq.m. and approximately RMB346 million respectively. During the Period Under Review, the project contributed approximately RMB1.505 million of investment returns to the Company.



Chairman's Statement

The Chongqing OCT Land Project (owned as to 100% by the Company)

Located at Lijia Block, New North Zone, Chongqing, the Chongqing OCT Land Project has an aggregate site area of approximately 180,000 sq.m., which is expected to be developed into mid-to-high end high-rise residential properties and multi-storey residential properties with an aggregate gross floor area of approximately 440,000 sq.m. The Chongqing OCT Land Project enjoys a supreme location and with rich landscape resources, overlooking the panorama of Jialing River with a Happy Valley theme park and large greenbelt planned in the neighborhood. Affected by the municipal road planning, it is expected that the construction of Chongqing OCT Land Project will be commenced in 2016.

The Chengdu Jinhe Land Resumption Project and Chengdu Shaheyuan Land Consolidation Project

The Chengdu Jinhe Land Resumption Project and Chengdu Shaheyuan Land Consolidation Project are both located in Jinniu district in Chengdu and are adjacent to Chengdu OCT. In 2015, land resumption and plan adjustment of the Chengdu Jinhe Land Resumption Project has been completed. During the Period Under Review, the Chengdu Jinhe Land Resumption Project contributed approximately RMB44.944 million of investment return to Chengdu OCT (include capital costs).

Chengdu OCT has established a project company with 成都市鑫金農發投資有限公司 (Chengdu Xin Jin Nong Fa Investments Co., Ltd) for the Chengdu Shaheyuan Land Consolidation Project, with registered capital of RMB100 million. Chengdu OCT is interested in 80% equity interests in the project company. The Chengdu Shaheyuan Land Consolidation Project has obtained the approval from the Department of Land and Resources of Sichuan Province in September 2015.

Paper Packaging Business

The Group has nearly 30 years of experience in the packaging and printing industry. It has set up five manufacturing bases and several subsidiaries in economically dynamic regions including the Pearl River Delta and Yangtze River Delta, which are located in Huizhou of Guangdong, Shanghai, Zhongshan of Guangdong, Chuzhou of Anhui and Suzhou of Jiangsu, respectively, and has built up the "Huali" brand with solid customer base and good market reputation.

In 2015, the manufacturing sector and enterprises engaging in packaging business, being the supporting sector of the former, faced notable pressure arising from overcapacity, decrease in order from overseas customers, sluggish sales, as well as continued rise in costs. In the face of these adverse factors in operating environment, the Group made greater efforts in exploring domestic market, innovating marketing system, and actively tapping into fast-growing market segments such as e-business and logistics. Through these initiatives, the Group secured customer orders despite various operating difficulties. In addition, the Group endeavoured to streamline its

management of internal affairs to enhance operating efficiency and effect. In 2015, construction of the new factory of 蘇州華力環保包裝科技有限公司 (Suzhou Huali Environmental Packaging Technology Co., Ltd) ("Suzhou Huali") was completed, which is scheduled to be put into operation in 2016. During the Period Under Review, our paper packaging business recorded a revenue of approximately RMB840 million, representing a decrease of approximately 1.0% as compared with the same period of 2014; and profit attributable to shareholders of the Company amounted to approximately RMB18.13 million, representing a decrease of approximately 1.6% over the same period of 2014.

Outlook

Looking forward to 2016, with the US Federal Reserve initiating the cycle of rising interest rates, we have witnessed a decrease in global capital flowing into, even a reflux from, emerging economies, and a continuous fall in international commodity prices. Economies around the world are facing various challenges. In terms of domestic economy, performance of the "troika", namely investment, consumption and import was relatively weak, and downward pressure on the economy still existed. Benefiting from a series of proactive initiatives implemented by the Chinese government, such as "One Belt One Road", "reform of the supply side" and "innovation-driven", we anticipate acceleration in the pace of structural adjustment of the economy, and sustained improvement in the quality of economic growth.

In 2016, the Chinese government will adhere to the basic principle of "promoting consumption and focusing on destocking" for its policies of property development, with a view to releasing the demand, and will continue to promote the establishment and construction of the long-term mechanism for regulation over the property market. In view of this, the Group remains cautiously optimistic on the domestic property market in 2016. The Group's projects are located in the first-tier and second-tier core cities which still have relatively great development potential, which are beneficial for the development of the business of the Group.

Comprehensive Development Business

In 2016, based on market conditions, the Group will focus on destocking, accelerating the speed of turnover of its assets, and increasing operational efficiency. In view of the stabilization of property market, as well as the solid customer base built over the long term, and the satisfactory quality of products and services, we are confident that these projects will deliver positive results.

The Company has made the following plans for the projects in 2016 according to its established development plan and various market conditions faced by each project:

The Shanghai Suhewan Project will continue to sell residential and commercial properties, accelerate the construction and pre-opening preparation of Bulgari Hotel, and make efforts to launch the high-end served department into the market in the year, with a total saleable area of approximately 76,000 sq.m. Subsequent to the formal integration of the Jing'an District with the Zhabei District in Shanghai, the Suhewan segment, where the Shanghai Suhewan Project is located, will become a core segment of the new Jing'an District, and is expected to gain more impetus for development. Currently, the area has attracted a number of multinational

Chairman's Statement

and large property developers. As an iconic commercial complex project, the Shanghai Suhewan Project will remain in the spotlight of the market. The Chengdu OCT Project will launch the high-end custom villa in the only eyot of the downtown of Chengdu and a new batch of high-rise residential properties, and continue its sale of low-density residential properties and high-end office products, with saleable area of approximately 304,000 sq.m., and speed up its commercial development. The first Wal-Mart Sam's Club store in the Southwest China is expected to open in 2017. The Beijing Unique Garden Project will continue the sales of high-rise residential properties. As at the end of 2015, the total amount of Beijing Unique Garden sold but not recognized was approximately RMB5.27 billion, and will continue to contribute significant investment return to the Group in the future. Retrofitting of Building 3# of the OCT Chang'an Metropolis Project will be completed and leasing will be launched in 2016.

Looking forward to 2016, we will continue to adhere to industry-leading development concept and clear market orientation, fully utilize our advantages, and make active efforts in seeking land resources and project merger and acquisition opportunities which are in line with the Group's strategic positioning. In the meantime, we will enrich our portfolio of quality project reserve, with a view to strengthening the potential for future development of the Company.

Paper Packaging Business

Looking into 2016, leading by the national strategies such as "Industry 4.0" in the era of "Internet+" and "Made in China 2025", the pace of industrial transformation and upgrading speeded up further. The paper packaging business will see new development opportunities. However, the Group will still face fierce market competition within this sector. In 2016, the new factory of Suzhou Huali will be put into operation. This will further enhance the productivity, resulting in effective improvement in the market sale and presence of the Group in the Yangtze River Delta regions. The Group will continue to expand markets, further optimize customer structure, and expand market sales, while making greater efforts in the reform of equipment and logistics automation, with a view to enhancing operational efficiency. In addition, the Group will also speed up the innovation of its packaging business, with a focus on the innovation of products, technologies and management. Efforts will also be made to the expansion of the scope of its operations, as well as to the enhancement of research & development and design capabilities in packing and integrated services.

The board (the "Board") of directors of the Company (the "Directors") has full confidence in the development prospect in the future. The Group will also strive to bring satisfactory return to its shareholders supported by its parent company, Overseas Chinese Town Enterprise Company (華僑城集團公司) and by leveraging the brands, resources and experience advantages of its parent company in the composite project development area and through innovation development and win-win cooperation.

Appreciation

I, on behalf of the Board, hereby express our most sincere gratitude to the management team and all the staff for their efforts and contributions made in the development of the Group. I also take this opportunity to thank all shareholders and business partners for their confidence and support to the Group.

Wang Xiaowen
Chairman

Hong Kong,16 March 2016

Management Discussion and Analysis

Financial Review

As at 31 December 2015, the Group's total assets amounted to approximately RMB22,080 million, representing an increase of approximately 1.0% over that as at 31 December 2014; the Group's total equity amounted to approximately RMB6,773 million, representing an increase of approximately 6.1% over that as at 31 December 2014, primarily due to the profit for the year.

For the year ended 31 December 2015, the Group realized revenue of approximately RMB6,436 million, representing an increase of approximately 69.5% over the same period in 2014, of which, revenue of the comprehensive development business was approximately RMB5,596 million, representing an increase of approximately 89.8% over the same period in 2014, primarily due to the significant increase in revenue from OCT Shanghai Land; and revenue of the paper packaging business was approximately RMB840 million, representing a decrease of approximately 1.0% over the same period in 2014, primarily due to the deduction of orders from existing customers as a result of the increasing market competition, but the Group had expanded into new sectors of the market to look for new customers to cope with this effect. Profit attributable to owners of the Company was approximately RMB273 million, representing a decrease of approximately 16.3% over the same period in 2014, of which, profit attributable to owners of the Company of the comprehensive development business was approximately RMB255 million, representing a decrease of approximately 17.1% over the same period in 2014, mainly due to the increase in sales and share of profits of associates being set off by the increase in the impairment losses on goodwill, and there was no gain on disposal of a subsidiary for the period (2014: approximately RMB336 million); and profit attributable to owners of the Company of the paper packaging business was approximately RMB18.13 million, representing a decrease of approximately 1.6% over the same period in 2014, due to the deduction of orders from existing customers as a result of the increasing market competition, but the Group had expanded into new sectors of the market to look for new customers to cope with this effect. The basic earnings per share for 2015 was RMB0.40, representing a decrease of approximately 18.4% as compared to the same period of 2014 (2014: RMB0.49).

During the Period Under Review, gross profit margin of the Group was approximately 31.4% (2014: approximately 32.8%), representing a decrease of approximately 1.4 percentage points over the same period in 2014, of which, the gross profit margin of the comprehensive development business was approximately 34.2%, representing a decrease of approximately 4.3 percentage points over the same period in 2014, mainly due to the decrease of revenue recognized during the period from units with high gross profit; and the gross profit margin of the paper packaging business was approximately 13.0%, which was substantially the same as compared to the same period of 2014. Net profit margin attributable to owners of the Company was approximately 4.2% (2014: approximately 8.6%), representing a decrease of approximately 4.4 percentage points over the same period in 2014, of which, the net profit margin attributable to owners of the comprehensive development business was approximately 4.6%, representing a decrease of approximately 5.8 percentage points over the same period in 2014; and the net profit margin attributable to owners of the paper packaging business was approximately 2.2%, which was substantially the same as compared to the same period of 2014.

Distribution Costs and Administrative Expenses

Distribution costs of the Group for the year ended 31 December 2015 were approximately RMB285 million (2014: approximately RMB221 million), representing an increase of approximately 28.5% over the same period in 2014, mainly due to the increase in promotion expenses for the comprehensive development business as compared to that of last year.

Management Discussion and Analysis

The Group's administrative expenses for the year ended 31 December 2015 were approximately RMB250 million (2014: approximately RMB190 million), representing an increase of approximately 31.3% over the same period in 2014, which was mainly due to the increase of daily operating expenses and labor costs for the comprehensive development business.

Interest Expenses

The interest expenses of the Group were approximately RMB223 million for the year ended 31 December 2015 (2014: approximately RMB190 million), representing an increase of approximately 17.4% over the same period in 2014, of which interest expenses of comprehensive development business were approximately RMB217 million, representing an increase of approximately 18.0% over the same period in 2014, mainly due to the increased amount of loan for building new theme park facilities of the Company's subsidiary; interest expenses of paper packaging business were approximately RMB5.48 million, representing a decrease of approximately 2.3% over the same period in 2014, mainly due to decrease in the amount of the loans related to paper packaging business for the Period Under Review.

Dividends

The Board has resolved to recommend the payment of a final dividend of HK14.00 cents per ordinary share for the year ended 31 December 2015 (2014: HK16.00 cents per ordinary share).

The Board has resolved to approve the payment of a preferential dividend of approximately HK20.25 cents per convertible preference share for the year ended 31 December 2015 (2014: approximately HK20.25 cents).

Inventories, Debtors' and Creditors' Turnover

For the year ended 31 December 2015, the Group's inventory turnover days for the paper packaging business were 32 days, representing a decrease of 3 days as compared to 35 days for the year ended 31 December 2014, which was due to the decline in inventory. The Group's debtors' turnover days for the paper packaging business were 116 days for the year ended 31 December 2015, which was substantially the same as compared to 114 days for the year ended 31 December 2014. The Group's creditors' turnover days for the paper packaging business were 62 days for the year ended 31 December 2015, representing a decrease of 14 days as compared to 76 days for the year ended 31 December 2014, which was mainly due to the shortened credit period granted by the suppliers.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2015 was approximately RMB6,773 million (31 December 2014: approximately RMB6,384 million). As at 31 December 2015, the Group had current assets of RMB17,665 million (31 December 2014: RMB18,677 million) and current liabilities of RMB6,971 million (31 December 2014: RMB5,510 million). The current ratio was 2.53 as at 31 December 2015, decreased by 0.86 as compared to that as at 31 December 2014 (31 December 2014: 3.39), which was mainly due to the transfer of part of the loans from non-current liabilities to current liabilities in the Period Under Review. The Group generally finances its operations with internally generated cash flow and credit facilities provided by banks and shareholder's loan.

Management Discussion and Analysis

As at 31 December 2015, the Group had outstanding bank and other loans of RMB4,131 million, without any fixed-rate loans (31 December 2014: outstanding bank and other loans of RMB3,522 million, without any fixed-rate loans). As at 31 December 2015, the bank loan interest rates of the Group ranged from 2.14% to 6.64% per annum (while for the year ended 31 December 2014, the bank loan interest rates of the Group ranged from 1.50% to 6.64% per annum). Some of those bank loans were secured by floating charges of certain inventories of the Group and corporate guarantees provided by certain subsidiaries of the Company. The Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 48.9% as at 31 December 2015, representing a decrease of approximately 4.1 percentage points as compared to 53.0% as at 31 December 2014, which was mainly due to the year-on-year decrease in interest-bearing liabilities at the end of the Period Under Review.

As at 31 December 2015, approximately 36.9% of the total amount of outstanding bank and other loans of the Group amounting to HK$1,821 million was in Hong Kong Dollars (31 December 2014: 34.0%), and approximately 24.4% of which amounting to US$155 million was in United States Dollars (31 December 2014: 30.0%). As at 31 December 2015, approximately 78.2% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2014: 69.8%), approximately 19.2% of its cash and cash equivalents was in Hong Kong Dollars (31 December 2014: 7.4%) and approximately 2.6% of its cash and cash equivalents was in United States Dollars (31 December 2014: 9.7%).

The Group's liquidity position remains stable. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars and United States Dollars. The Group has not experienced any material difficulties in or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year ended 31 December 2015. During the year ended 31 December 2015, the Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risks purpose.

Employees and Remuneration Policy

As at 31 December 2015, the Group employed approximately 2,691 full-time staff members. The basic remunerations of the employees are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities will be offered to all staff members. Salaries of the employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market and economic situation. Directors' remuneration is determined basing on a variety of factors such as market conditions and responsibilities assumed by each Director. Apart from the basic remuneration and statutory benefits, the Group also provides discretionary bonuses based on the Group's results and the individual performance of the staff.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staffs. The Group maintains a good relationship with its employees. Most members of senior management have been working for the Group for many years.

Under the ordinary resolution passed at the extraordinary general meeting on 15 February 2011, the Board adopted a new share option scheme and simultaneously terminated the share option scheme which was adopted by the Company on 12 October 2005. During the year ended 31 December 2015, 2,576,000 share options in total were exercised.

Management Discussion and Analysis

Contingent Liabilities

The Group had no contingent liabilities as of 31 December 2015.

Important Events

Acquisition of the CDCT Development Project

On 24 April 2015, Chengdu OCT won the public tender for the Subscription of 25,000,000 shares in CDCT Development for a consideration of approximately RMB265 million. The shares under the Subscription represent approximately 33.33% of CDCT Development's equity interests as enlarged by the Subscription. For further details, please refer to the announcement of the Company dated 24 April 2015.

Acquisition of the OCT Chang'an Metropolis Project

On 9 October 2015, the Group entered into an asset acquisition agreement with 長安控股（集團）有限責任公司 (Chang'an Holdings (Group) Company Limited) and its subsidiaries to acquire Building 2# and Building 3# (excluding storey 52001) and 270 designated car parking spaces located at Chang'an Metropolis Centre for a consideration of approximately RMB1.59 billion. The aggregate gross floor area involved in such transactions was approximately 104,700 sq.m.. For further details, please refer to the announcements of the Company dated 9 October 2015, 27 October 2015, 18 November 2015, 19 November 2015 and 24 November 2015, and the circular of the Company dated 25 November 2015.

Acquisition of the CSI Company Project

On 18 December 2015, Chengdu Chuang Ying, a wholly-owned subsidiary of Chengdu OCT, won the public tender in respect of the 15% equity interests in CSI Company held by Chengdu Culture & Tourism (the "Sale Equity Interests") and the capital injection of approximately RMB651 million into CSI Company (the "Subscription Equity Interests"). Chengdu Chuang Ying has entered into an agreement with Chengdu Culture & Tourism and CSI Company on 25 December 2015 for the acquisition of the Sale Equity Interests and the Subscription Equity Interests at a consideration of approximately RMB798 million. Subsequent to the Transfer, Chengdu Chuang Ying owns 49% equity interests in the CSI Company. For further details, please refer to the announcements of the Company dated 3 December 2015, 18 December 2015, 11 January 2016 and 13 January 2016, and the circular of the Company dated 22 January 2016.

Subsequent Event(s)

Acquisition of Chengdu Baoxin Quansheng

On 7 March 2016, Chengdu Chuang Ying, a wholly-owned subsidiary of Chengdu OCT, entered into a cooperation agreement with 成都保鑫投資有限公司 (Chengdu Baoxin Investment Company Limited) ("Chengdu Baoxin Investment") to acquire 50% equity interest in 成都市保鑫泉盛房地產開發有限公司 (Chengdu Baoxin Quansheng Real Estate Development Company Limited) ("Chengdu Baoxin Quansheng") at a consideration of RMB25 million. Chengdu Chuang Ying and Chengdu Baoxin Investment shall provide shareholders' loan to Chengdu Baoxin Quansheng in proportion to their respective equity interests in Chengdu Baoxin Quansheng and provide corporate guarantees required for the bank loan(s) to be obtained by Chengdu Baoxin Quansheng, the total amount of which shall not exceed RMB1.95 billion. Chengdu Baoxin Quansheng owned a land located in Jinniu District with a total site area of approximately 58,300 sq.m and total gross floor area not more than 174,900 sq.m. For more details, please refer to the announcement of the Company dated 7 March 2016.

Management Discussion and Analysis

Principal risks and uncertainties

A number of factors may affect the results and business operations of the Group, the summary of which is as follows.

Fierce industry competition

The fierce competition among property developers may lead to the increase in acquisition costs of land and construction costs in certain regions in China, the over-provision of real estate, decrease in price of the properties and slower approval and review of new property development projects by the relevant Chinese government departments well as increase in human resource costs.

Fluctuation risk of exchange rates

The group focuses on operations in China, and as a result most revenues and expenses are denominated in RMB. The exchange rates of the RMB against the U.S. dollars and other foreign currencies fluctuate and are affected by, among other things, the policies of the PRC Government and changes in the PRC's and international political and economic conditions.

Fluctuation of interest rates

The Group relied on interest bearing debts as one of the important financing sources to fund its operations. Most of the loans are RMB denominated, thus any changes in interest rates in the PRC will affect the financing costs of the Group.

External contractors and suppliers

In the event that the performance of the external contractors and suppliers entrusted by the Group falls short of the standards, or they encounter financial, operational or managerial difficulties, this may disrupt the construction progress of the Group's property developments and may incur additional costs as well as potential compensation payable to the customers for delay in completion and delivery of property development.

Directors and Senior Management

Directors

Executive Directors

Ms. Wang Xiaowen, aged 46, being the chairman of the Board, joined the Group in 2011. Ms. Wang is also a director of Overseas Chinese Town (HK) Company Limited ("OCT (HK)", the beneficial owner and director of all the issued share capital in Pacific Climax Limited ("Pacific Climax"), the controlling shareholder of the Company, she is a director and president of Shenzhen Overseas Chinese Town Holding Company Limited ("OCT Ltd." the beneficial owner of all the issued share capital in OCT (HK)). Ms. Wang is also a director of Union Development Group of China, the vice chairman of the supervisory committee of China International Travel Service Corporation Limited ("CITS"). OCT Ltd. is listed on the Shenzhen Stock Exchange, while CITS is listed on the Shanghai Stock Exchange. Ms. Wang joined Overseas Chinese Town Enterprises Company (華僑城集團公司) ("OCT Group", the controlling shareholder of OCT Ltd.) in 1991 and had been the head of Administration Department of the President Office, the head of the Finance Department and the President Assistant of OCT Group. She had also been the vice president and supervisor of OCT Ltd. and supervisor and director of Konka Group and the director of Overseas Chinese Town Real Estate Company Limited ("OCT Properties", a wholly-owned subsidiary of OCT Ltd.) and Chengdu OCT, and the director and chairman of Shenzhen OCT Hotel Group Company Limited (深圳市華僑城酒店集團有限公司) (a wholly-owned subsidiary of OCT Ltd.). Save as aforesaid, Ms. Wang has also held and had also held other senior positions with OCT Ltd. and OCT Group (and their respective associated companies). Ms. Wang has obtained a bachelor degree in Economics from Nan Kai University (南開大學) in 1990. Ms. Wang is also chairman of the nomination committee of the Company (the "Nomination Committee").

Ms. Xie Mei, aged 48, is the executive Director and chief executive officer of the Company. Ms. Xie is also the President Assistant of OCT Ltd. and the chairman of Chongqing Overseas Chinese Town Land Co., Ltd. (重慶華僑城置地有限公司), ("Chongqing OCT Land") and Xi'an OCT Land Co., Ltd. (西安華僑城置地有限公司) ("Xi'an OCT Land") (the wholly-owned subsidiary of the Company) and a director of all the subsidiaries of the Company. Ms. Xie is also the general manager of OCT (HK) and a director of Pacific Climax. She is also a director of Xi'an OCT Investment Ltd. (西安華僑城實業有限公司) ("Xi'an OCT") and Yunnan OCT Industrial Co., Ltd. (雲南華僑城實業有限公司), both being subsidiaries of OCT Ltd. Ms. Xie has rich management experience. Ms. Xie joined OCT Group in 1994 and she had been a deputy director and director of the strategic development department of OCT Group. Ms. Xie graduated from the Department of Electrical Engineering of Xi'an Jiaotong University and obtained a bachelor's degree in Engineering in 1989. She also obtained a master degree in Economics from the Renmin University of China in 1999.

Mr. Lin Kaihua, aged 49, is the executive Director and vice president of the Company and also holds the director position in many subsidiaries of the Company, as well as in Beijing Guangying Real Estate Development Co., Ltd (北京廣盈房地產開發有限公司). He is also the deputy general manager of Overseas Chinese Town (HK) Company Limited. Mr. Lin has extensive experience in business operation and financial management. Since he joined OCT Group in 1992, Mr. Lin had held a number of positions including but not limited to the deputy general manager and the chief financial officer of OCT Shanghai Land (an indirect non-wholly owned subsidiary of the Company), the deputy general manager of Shenzhen Overseas Chinese Town Entertainment Investment Company Limited (深圳華僑城都市娛樂投資公司) (a wholly-owned subsidiary of OCT Ltd.), chief financial officer of Shenzhen Overseas Chinese Town Holding Company Limited (深圳華僑城控股股份有限公司) (currently known as OCT Ltd.) and the chief financial officer of Shenzhen Bay Hotel (深圳灣大酒店) (currently known as "InterContinental Shenzhen (華僑城大酒店)" a subsidiary of OCT Ltd.). Mr. Lin holds a bachelor's degree and a master's degree in Accounting, and has obtained Certified Public Accountant and Senior Accountant title.

Directors and Senior Management

Non-executive Director

Mr. Zhou Ping, aged 53, as a non-executive Director who joined the Group in 2013. He is a director of numbers of subsidiaries of the Company and the head of Strategic Development Department of OCT Ltd.. He is also a director of Beijing Century Overseas Chinese Town Industrial Co. Ltd. ("Beijing OCT", 北京世紀華僑城實業有限公司) (a subsidiary of OCT Ltd.), and a supervisor of Tianjin Overseas Chinese Town Industrial Co. Ltd (天津華僑城實業有限公司) and Tianjin Dong Li Hu Overseas Chinese Town Travel Investment Co. Ltd (天津東麗湖華僑城旅遊投資有限公司). Mr. Zhou joined OCT Group in 1994 and had been the general manager of Planning Department and the head of Strategic Development Department of OCT Group. Mr. Zhou had also been appointed as the vice chairman of Shenzhen Bay Hotel (深圳灣大酒店) and the chairman of Taizhou Overseas Chinese Town Co., Ltd (泰州華僑城有限公司) (a subsidiary of OCT Ltd.). Mr. Zhou had also been the director and general manager of Shenzhen Window of the World Company Limited (深圳世界 之窗有限公司), the general manager of Wuhan OCT Industrial Development Ltd (武漢華僑城實業發展有限公司) (a subsidiary of OCT Ltd.), the deputy general manager of Travel Department of OCT Ltd. and the general manager of Shenzhen Eastern Overseas Chinese Town Co Ltd (深圳東部華僑城有限公司) (a subsidiary of OCT Ltd.). Mr. Zhou obtained a master's degree of industrial engineering and management from Huazhong University of Science and Technology in 1993. Mr. Zhou is a member of the Company's audit committee (the "Audit Committee") and remuneration committee (the "Remuneration Committee").

Independent Non-executive Directors

Mr. Lu Gong, aged 57, joined the Group in 2013. Mr. Lu is the managing director of Granton Asia Limited, whose principal businesses are investment and holding equities of overseas hotels and apartments. Mr. Lu is also the senior advisor of China Development Bank International Investment Limited (國開國際投資有限公司) (formerly known as New Capital International Investment Limited), whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 01062). Mr. Lu was appointed as but has already ceased to be an independent non-executive director of China Development Bank International Investment Limited (國開國際投資有限公司) and as the senior advisor of Galaxy Entertainment Management Services Limited (銀河娛樂企業管理有限公司) and the executive director and the vice-chairman of New City Development Group Limited (formerly known as New Rank City Development Limited), whose shares are listed on the Main Board of the Stock Exchange (stock code: 00456). Mr. Lu had also worked for Unisys China Limited and Shell China Hong Kong Co., Limited and held senior management positions at Hong Kong Telecommunications Limited and Granton Asia Limited. Mr. Lu has extensive experience in general management.

Ms. Wong Wai Ling, aged 54, joined the Group in 2007. Ms. Wong holds a bachelor degree of arts from the University of Hong Kong and a post-graduate diploma in accounting and finance from the London School of Economics and Political Science. Ms. Wong is a fellow member of Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and has more than 20 years of extensive experience in accounting, tax, auditing and business. Ms. Wong had worked in various international and local audit firms for more than seven years until she began to be in private practice as a Certified Public Accountant since 1993. Ms. Wong is also an independent non-executive director and chairman of the audit committee of three companies other than the Company listed on the Main Board of the Stock Exchange (including China Ruifeng Renewable Energy Holdings Limited (stock code: 00527), AVIC International Holdings Limited (stock code: 00161) and Yongsheng Advanced Materials Company Limited (stock code: 03608)). Ms. Wong was appointed as but has already ceased to be an independent non-executive director of Glory Flame Holdings Limited (a company listed on the Growth Enterprise Market ("GEM") of the Stock Exchange, stock code: 08059). Ms. Wong is an executive director of JC Group Holdings Limited (a company listed on the GEM of the Stock Exchange, stock code: 08326). Meanwhile, Ms. Wong is also a non-executive director of Hin Sang Group (International) Holdings Co., Ltd (衍生集團(國際)控股有限公司) (a company listed on the Main Board of the Stock Exchange, stock code: 06893). Ms. Wong is the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company.

Directors and Senior Management

Professor Lam Sing Kwong Simon, aged 57, joined the Group in 2009. Professor Lam is a professor of Management in the Faculty of Business and Economics, the University of Hong Kong. Professor Lam is well known for his studies and research in corporate strategy, organization development and operations management. He has published a number of academic papers and case analysis on the said topics. Before joining the University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance. Professor Lam is also the independent non-executive director of Kwan On Holdings Limited (listed on the GEM of the Stock Exchange, stock code: 08305), Chun Sing Engineering Holdings Limited (listed on the Main Board of the Stock Exchange, stock code: 02277), Beijing Enterprises Clean Energy Group Limited (listed on the Main Board of the Stock Exchange, stock code: 01250), Sinomax Group Limited (listed on the Main Board of the Stock Exchange, stock code: 01418), and King Force Group Holdings Limited (formerly known as "King Force Security Holdings Limited) (listed on the GEM of the Stock Exchange, stock code: 08315). He was also an independent non-executive director of Glory Flame Holdings Limited (listed on the GEM of the Stock Exchange, stock code: 08059). Professor Lam is the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Senior Management

Mr. Qiu Xiaoping, aged 58, is the vice president of the Company and a director of various subsidiaries of the Company. Mr. Qiu joined OCT Group in 2002. He had been the deputy general manager of Shenzhen Overseas Chinese Town Happy Valley Tourism Co., Ltd. (a subsidiary of OCT Ltd.) and Shenzhen Special Economic Zone OCT China Travel Agency (深圳特區華僑城中國旅行社) (a subsidiary of OCT Ltd.), before which, Mr. Qiu had held positions as deputy managing director and managing director etc. in several companies in Mainland and Hong Kong and has extensive experience in tourism management, real estate, investment and import and export business.

Mr. Zhang Xiaojun, aged 45, is the vice president of the Company. Mr. Zhang is a director of various subsidiaries of the Company. Mr. Zhang joined the Group in 1993. Mr. Zhang supervised the daily operation of Shenzhen Huali Packing & Trading Co., Ltd. (深圳華力包裝貿易有限公司) ("Shenzhen Huali") from 2003 to 2007. Mr. Zhang graduated from Zhuzhou Institute of Technology of Hunan (now known as Hunan University of Technology) majoring in Printing Technology, where he obtained his bachelor's degree in Engineering.

Mr. Fong Fuk Wai, aged 52, is the chief financial officer, company secretary and qualified accountant of the Company. He also serves as a director of Huali Holdings Company Limited, a wholly-owned subsidiary of the Company. He joined the Group in January 2005. Mr. Fong graduated from the Hong Kong Polytechnic University and obtained his bachelor's degree in Accountancy in 1994, and obtained a master degree in business administration at the Chinese University of Hong Kong in 1999. Prior to joining the Group, Mr. Fong worked with an international CPA firm and members of companies listed in Hong Kong. He had held the positions of senior accountant, manager and financial controller. He has many years of experience in auditing, accounting and finance. Mr. Fong is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and is also an associate member of the Institute of Chartered Accountants in England and Wales.

Mr. Li Yang, aged 33, is the vice president of the Company and joined the Group in January 2014. Mr. Li is also the supervisor of Xi'an OCT Land and the deputy general manager of Shenzhen Huali. Mr. Li joined OCT Group in 2005 and has served as senior manager of OCT Ltd., in charge of investor relationship management. Mr. Li graduated from Chongqing University in 2005, majoring in Law and English, and has obtained a double bachelor's degree in Legal Studies and Literature.

Directors and Senior Management

Mr. Zhang Dafan, aged 49, is the director and general manager of Chengdu OCT. Mr. Zhang joined Chengdu OCT since its establishment in October 2005. Mr. Zhang successively served as the deputy general manager of import and export department of OCT Group, a director of Shenzhen Bay Hotel (深圳灣大酒店) (now known as InterContinental Shenzhen) and a deputy general manager of OCT (HK). Mr. Zhang graduated from the management engineering department of Nanjing University of Aeronautics and Astronautics and obtained a master degree in economics from Renmin University of China.

Mr. Yuan Jingping, aged 51, is the director and general manager of OCT Shanghai Land. Mr. Yuan is also a director of Shanghai Highpower OCT Investment Inc. (a subsidiary of OCT Ltd.). Mr. Yuan has an extensive experience in real estate and construction industries. Since joining OCT Group in 1999, Mr. Yuan has been the general manager of Shenzhen CMOCT Investment Limited (深圳招商華僑城投資有限公司) (a subsidiary of OCT Ltd.) and Shanghai Highpower OCT. Before joining OCT Group, Mr. Yuan served as a principal architect in an architectural design institute. In 1989, Mr. Yuan obtained his master degree of architecture from Southeast University.

Mr. He Ming, aged 45, is the director and general manager of Chongqing OCT Land. Mr. He joined the Group in 2012. Mr. He served as the head of the finance department of OCT Group, director of investment and security department of OCT (HK) and chief representative of the Beijing Office of OCT Group. He was the president of Changqing Investment Group (長青投資集團) from 2009 to 2012. Mr. He graduated from Zhongnan University of Economics and Law, majoring in international finance.

Mr. Qin Jun, aged 53, is a director and general manager of Xi'an OCT Land. Mr. Qin Jun joined the Group in 2015 and is also the director and general manager of Xi'an OCT. Mr. Qin Jun has served as the deputy general manager of the Beijing Century Overseas Chinese Town Industrial Co. Ltd. (北京世紀華僑城實業有限公司), the general manager of the Real Estate Department of Beijing Century Overseas Chinese Town Industrial Co. Ltd. (北京世紀華僑城實業有限公司地產事業部), etc.. He has also held positions in Shenzhen OCT Real Estate Corporation (深圳華僑城房地產公司), Shenzhen OCT Construction & Supervision Co., Ltd. (深圳市僑建工程監理有限公司), etc.. Mr. Qin Jun graduated in Hunan University, majoring in water supply and drainage engineering.

Corporate Governance Report

The Company believes that a high standard of corporate governance and a highly efficient management team are very important in enhancing the investors' confidence and the return to the shareholders of the Company, as well as increasing long-term share value. Therefore, the Company is committed to implementing and maintaining a high standard of corporate governance, emphasising good communication with shareholders of the Company and investors, and nurturing the corporate culture of strict code of conduct, with a view to continuously improving the Company's transparency in management. This includes timely, comprehensive and accurate disclosure of information about the Company to safeguard the shareholders' interest and to raise long term share value.

During the year ended 31 December 2015, the Company has complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Details of the Company's corporate governance are summarized as below.

Board of Directors

Board Responsibilities and Delegation

The Board manages the Company's affairs and is responsible for the leadership and governance of the Company. The Board is also responsible for the Company's business, financial performance and preparation of financial statements. The Board formulates the strategy, policy and business plan of the Group, controls corporate risks, monitors the operation and financial performance of the Company. The Board endeavors to make decisions in line with the interest of the shareholders of the Company and the Company as a whole, and delegates powers and responsibilities to the management led by the Chief Executive Officer of the Company to carry out the daily management and operation of the Group. All board members have separate and independent access to the senior management, and are provided with full and timely information about the business and development of the Company, including monthly report. In order to assist the Directors to carry out their duties, the Board has set out terms of reference, enabling the Directors to seek independent professional advice upon reasonable request under appropriate circumstances and the fees are payable by the Company.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the Code. As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the disclosure requirements set out in the Code.

Corporate Governance Report

Composition of the Board

The Board comprises seven members, including three executive Directors, one non-executive Director and three independent non-executive Directors. The number of independent non-executive Directors is more than one-third of the number of the members of the Board. Independent non-executive Directors are experienced professionals with profound expertise and experience in legal, accounting, financial or economic management aspects. The Board considers that all independent non-executive Directors are independent in their judgment. They ensure the Board has attained the strict standards in the financial and other statutory reporting areas and they provide sufficient check and balance to safeguard the interests of the shareholders and the Company as a whole.

As at the date of this report, the Directors are as follows:

Executive Directors

Ms. Wang Xiaowen *(Chairman of the Board)*
Ms. Xie Mei *(Chief Executive Officer)*
Mr. Lin Kaihua *(appointed on 12 March 2015)*

Ms. Wang Xiaowen and Ms. Xie Mei have been re-elected as executive Directors at the annual general meeting of the Company held on 23 April 2014, and have entered into the service contract with the Company for a term of three years effective from 23 April 2014 until the conclusion of the 2016 annual general meeting of the Company to be held in 2017.

Mr. Lin Kaihua has been re-elected as an executive Director at the annual general meeting of the Company held on 12 May 2015, and has entered into a service contract with the Company for a term of three years commencing from 12 May 2015 until the conclusion of the 2017 annual general meeting of the Company to be held in 2018.

Non-executive Director

Mr. Zhou Ping

Mr. Zhou Ping has been re-elected as a non-executive Director at the annual general meeting of the Company held on 23 April 2014, and has entered into a service contract with the Company for a term of three years commencing from 23 April 2014 until the conclusion of the 2016 annual general meeting of the Company to be held in 2017.

Corporate Governance Report

Independent Non-executive Directors

Mr. Lu Gong
Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon

Mr. Lu Gong has been appointed as an independent non-executive Director at the annual general meeting of the Company held on 19 April 2013, and has entered into a service contract with the Company for a term of three years effective from 19 April 2013 until the conclusion of the 2015 annual general meeting of the Company to be held in 2016.

Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon were re-elected as independent non-executive Directors at the annual general meeting of the Company held on 12 May 2015 and have entered into service contracts with the Company for a term of three years effective from 12 May 2015 until the conclusion of the 2017 annual general meeting of the Company to be held in 2018.

The biographies of each Director are set out between page 23 and 26 of this Report.

The Company has complied with Rules 3.10(1) and 3.10(A) of the Listing Rules. During the year ended 31 December 2015, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents at least one-third of the Board. The Company has also complied with Rule 3.10(2) of the Listing Rules, which stipulates that one of the independent non-executive Directors must possess appropriate professional qualifications or accounting or related financial management expertise. The Board considers that the independent non-executive Directors are all independent persons with appropriate qualifications or expertise and the Company has complied with the relevant requirements of the Listing Rules.

The Company has established a Nomination Committee. The Nomination Committee will evaluate the independence of all independent non-executive Directors each year and make sure that they comply with the independence requirement under Rule 3.13 of the Listing Rules. All members of the Board are not related to one another in all aspects, including finance, family and business.

Chairman and Chief Executive Officer

The Company has a separate Chairman and Chief Executive Officer. The two positions are assumed by different persons in order to ensure that their independence, accountability and power are clear. Ms. Wang Xiaowen, the Chairman, is responsible for the operation of the Board and the formulation of the Company's strategies and policies. Ms. Xie Mei, the Chief Executive Officer, with the assistance of other members of the Board and senior managements, is responsible for the management of the Group's business, the implementation of significant policies, the daily operational decisions as well as the coordination of the overall operation.

Appointment and Re-Election of Directors

The Nomination Committee identifies appropriate individuals qualified to become Board members and to provide advice to the Board in respect of nominating such persons to the Board. The Nomination Committee also makes recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer. The Board is responsible for formulating the procedures for appointing Directors, and nominating suitable candidates for approval at the annual general meetings so as to fill vacancies due to resignation of Directors or to appoint additional Directors.

When selecting candidates for appointment as Directors, the Board will consider the candidates' integrity, achievements and experience in the relevant industry, expertise, educational background and whether they have sufficient time to assume the post of Directors.

Pursuant to the articles of association of the Company, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Number of Board Meetings Held and Procedures

The Board convened six meetings in the year ended 31 December 2015.

The Board has established meeting procedures and has complied with the code provisions of the Code. The procedures of board meetings provide that the Board shall meet at least four times each year and can convene additional meeting when necessary. The agenda and other reference documents shall be distributed prior to the Board meeting to allow sufficient time for the Directors to review. Directors can express different opinions at board meetings. Important decisions will be made only after detailed discussions by the Board. Directors who have conflict of interest or material interests in the relevant transactions will not be counted in the quorum of the meeting and shall abstain from voting on the relevant resolutions. Minutes of Board meetings and other committee meetings will be drafted by the Company Secretary and will be sent to all members for their comment or record respectively. Directors are entitled to inspect the minutes at any time.

Corporate Governance Report

The Attendance of Directors and Committee Members

The Directors' attendances of the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee and general meetings of the Company for the year ended 31 December 2015 are as follows:

	Number of meetings attended/Number of meetings				
Name of Directors	**The Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Wang Xiaowen	6/6	N/A	N/A	1/1	0/1 *(Note 1)*
Xie Mei	6/6	N/A	N/A	N/A	1/1
Lin Kaihua *(Note 2)*	6/6	N/A	N/A	N/A	1/1
Zhou Ping	6/6	3/3	1/1	N/A	0/1 *(Note 1)*
Lu Gong	6/6	N/A	N/A	N/A	0/1 *(Note 1)*
Wong Wai Ling	6/6	3/3	1/1	1/1	0/1 *(Note 1)*
Lam Sing Kwong Simon	6/6	3/3	1/1	1/1	1/1

Notes:

1. Certain Directors were not able to attend the general meetings held in 2015 due to their unavoidable business engagements.

2. Mr. Lin Kaihua was appointed as an executive Director on 12 March 2015.

Directors' Continuous Professional Development Programme

Each newly appointed director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. During the year ended 31 December 2015, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2015, the Company had also organised briefing sessions conducted by the Hong Kong legal advisers of the Company for the Directors. The briefing sessions covered topics including but not limited to the Listing Rules in relation to connected transactions, the Code and inside information.

According to the records provided by the Directors, a summary of training received by the Directors for the year ended 31 December 2015 are as follows:

Name of Directors	Reading seminar materials relating to the effect of disclosure of inside information and the new Companies Ordinance	Attending Briefing Sessions
Executive Directors		
Wang Xiaowen	√	√
Xie Mei	√	√
Lin Kaihua *(Note)*	√	√
Non-executive Director		
Zhou Ping	√	√
Independent Non-executive Directors		
Lu Gong	√	√
Wong Wai Ling	√	√
Lam Sing Kwong Simon	√	√

Note: Mr. Lin Kaihua was appointed as an executive Director on 12 March 2015.

Corporate Governance Report

Special Committees under the Board of Directors

The Board has the following committees:

Audit Committee

The Audit Committee consists of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Zhou Ping, with Ms. Wong Wai Ling being the chairman of the Audit Committee.

The main terms of reference of the Audit Committee are as follows:

(a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment or removal of the external auditors, and the approval of remuneration and terms of engagement of the external auditors;

(b) reviewing risk management and internal control and monitoring the work of internal audit department;

(c) reviewing the financial statements of the Company, the Company's annual reports and accounts, interim reports and quarterly reports (if any);

(d) examining financial statements and reporting to the Board for any significant opinions in relation to financial reporting;

(e) conferring with the auditors on any problems and matters of doubt arising from the audit process, as well as other issues the auditors may like to discuss (if necessary, such discussions could be undertaken in the absence of the management); and

(f) reviewing correspondences addressed to the management by the external auditors and responses from the management.

The Audit Committee held three meetings during the year ended 31 December 2015, and performed the major works as below:

1. reviewed the annual financial results and report for the year ended 31 December 2014 and interim financial results and report for the six months ended 30 June 2015;

2. reviewed the internal audit department's report regarding the reviewing and procedures of the internal control and risk management of the Company;

3. provided opinions to the Board in respect of the appointment of auditors; and

4. reviwed the new terms of reference of the Audit Committee and provided advice thereon to the Board, and enhanced the function of supervising risk management system of the Company in accordance with the amendments to the Code and Corporate Governance Report made by the Stock Exchange, which is applicable to the accounting period beginning from 1 January 2016.

The Audit Committee has reviewed this annual report, and confirms that it is complete and accurate and complies with the Listing Rules.

Remuneration Committee

The Remuneration Committee consists of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Zhou Ping, with Ms. Wong Wai Ling being the chairman of the Remuneration Committee.

The main role and function of the Remuneration Committee are as follows:

(a) consulting the chairman of the Board on remuneration recommendations concerning other executive Directors;

(b) putting forward recommendations to the Board on matters relating to the overall remuneration policy and structure for the Directors and senior managerial staff of the Company, as well as finalizing a formal and transparent remuneration policy of the Company;

(c) with authority delegated by the Board, finalizing the compensation packages for all the executive Directors and senior managerial staff and putting forward recommendations to the Board on remuneration for non-executive Directors; and

(d) reviewing and approving compensations paid to executive Directors and senior managerial staff, who lose their positions or whose appointments are terminated, in order to ensure that the compensations are paid in accordance with relevant contractual terms.

The Remuneration Committee held one meeting during the year ended 31 December 2015, and performed the major work as below:

1. reviewed and discussed the remuneration policy and structure of the Company and the remuneration and performance of duties of the executive Directors and senior management and other staff; and

2. reviewed the implementation of the share option scheme of the Company.

Nomination Committee

The Nomination Committee consists of three members, including one executive Director, namely Ms. Wang Xiaowen and two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, with Ms. Wang Xiaowen being the chairman of the Nomination Committee.

The Board has adopted its board diversity policy (the “Board Diversity Policy”). All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Corporate Governance Report

The main role and function of the Nomination Committee are as follows:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) reviewing the Board Diversity Policy of board members and the implementation progress of targets set by such policy;

(c) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) assessing the independence of independent non-executive Directors; and

(e) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

The Nomination Committee held one meeting during the year ended 31 December 2015 and performed the major work as below:

1. examined the structure, size and composition of the Board, to ensure the Directors have the expertise, skills and experience required to meet the Company's business;

2. reviewed the Board Diversity Policy of board members and the implementation progress of targets set by such policy;

3. assessed the independency of all independent non-executive Directors; and

4. reviewed and discussed the nomination of Mr. Lin Kaihua as an executive Director, and make recommendations to the Board with regards to the reappointment of Mr Lin Kaihua, as an executive Director, and Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon as independent non-executive Directors.

Internal Control

The Board has overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with the applicable laws and regulations, as well as the internal procedures and guidelines. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the policies and business objectives of the Group. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Company has an internal audit department which is independent of other departments. The internal audit department has the authority to inspect the information of the Group's risk management network, the control and governance processes in order to monitor the effectiveness of the internal control of the Company. The internal audit department conducts an overall review on every subsidiary once a year, and reports and makes recommendation to the management of the Company in respect of the review. Besides, the internal audit department also regularly reviews all the businesses, the supporting teams and matters relating to work approach, procedures, expenses and internal control measures of the Company's subsidiaries. The department will also conduct ad hoc reviews and investigations when necessary. The internal audit department reports directly to the Audit Committee.

Also, the Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. They have carried out an annual review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. The internal control system is implemented to minimize the risk to which the Group is exposed and used as a management tool for the day-to-day operation of business.

An inside information confidential policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until timely disclosure are made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

– Designated reporting channels from different operations informing any potential inside information to designated departments;

– Designated persons and departments to determine further escalation and disclosure as required; and

– Designated persons authorised to act as spokespersons and respond to external enquiries.

During the Period Under Review, the Board examined the effectiveness of the risk management and internal control system of the Company through the Audit Committee, and considered that the risk management and internal control system is adequate and effective and the Company has complied with the code provisions on risk management and internal control of the Code.

Financial Reporting

The Directors are responsible for overseeing the preparation of the financial statements, to ensure the annual report giving a true and fair view of the financial position, results and cash flow of the Group for the year. In preparing the financial statements for the year ended 31 December 2015, the Directors have:

- selected appropriate accounting policies and applied them consistently; and

- made judgments and estimates that are reasonable.

Corporate Governance Report

The Company recognizes that high quality corporate reporting is very important in reinforcing the trustworthy relationship with the Company's stakeholders and aims at presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects in all corporate communications. In order to have timely and effective communications between the Company and its shareholders, the annual results of the Company are announced in a timely manner within the limit of four months after the end of a financial year.

The auditors' responsibilities are set out in the Auditor's Report on page 57.

Through the Audit Committee, the Board has reviewed the internal control system in respect of finance, operations and compliance of the Company and its subsidiaries. The Audit Committee considers that the Company and its subsidiaries have established all necessary mechanisms. The above control mechanism has ensured compliance in respect of the Company's operations. The Board considers that the Company has complied with the code provisions of the Code on internal control.

Remuneration of Directors and Senior Management

The Group paid total Directors' remuneration amounts of approximately RMB951,000, RMB485,000, RMB144,000, RMB121,000 and RMB121,000 to Ms. Xie Mei, Mr. Lin Kaihua, Mr. Lu Gong, Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon respectively for the year ended 31 December 2015. Ms. Wang Xiaowen and Mr. Zhou Ping did not receive any basic remuneration from the Group as of 31 December 2015. Details in relation to the Director's remuneration payment of the Group in the year ended 31 December 2015 are set out on page 91 of this Report.

Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director.

Senior management's remuneration payment of the Group in the year ended 31 December 2015 falls within the following bands:

	Number of individuals
RMB500,000 or below	4
RMB500,001 to RMB1,000,000	2
RMB1,000,001 to RMB1,500,000	1
RMB1,500,001 to RMB2,000,000	0
RMB2,000,001 to RMB2,500,000	0
RMB2,500,001 to RMB3,000,000	1

Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules (the "Model Code"). The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions during the year ended 31 December 2015.

Securities Transactions by Senior Management and Staff

The senior management and staff have been individually notified and advised about the Model Code by the Company.

Financial Officer

The Financial Officer of the Company is responsible for preparing interim and annual financial statements based on accounting principles generally accepted in Hong Kong and ensures that the financial statements truly reflect the Group's results and financial position as well as in compliance with the disclosure requirements under the applicable provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules and other relevant laws and regulations. The Financial Officer reports directly to the chairman of the Audit Committee and coordinates with external auditors on a regular basis. In addition, the Financial Officer will review the control of financial risks of the Group and provide advice thereon to the Board.

Company Secretary

The Company Secretary of the Company reports directly to the Board. All Directors have easy access to the Company Secretary and the responsibility of the Company Secretary is to ensure the board meetings procedures are properly followed and are in compliance with the relevant laws and regulations. The Company Secretary is also responsible for giving advice to the Board with respect to the Directors' obligations on securities interest disclosure, disclosure requirements of notifiable transactions, connected transactions and inside information. The Company Secretary shall provide advice to the Board with respect to strict compliance with the laws, requirements and the Company's articles of association as appropriate. As the Company's principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company's corporate governance so as to bring the best long term value to the shareholders of the Company. In addition, the Company Secretary also provides relevant information updates and continuous professional development to the Directors with respect to legal, supervisory and other continuous obligations for being a director of a listed company as appropriate. The Company Secretary is also responsible for supervising and managing the investors' relations of the Group.

The Company Secretary has complied with Rule 3.29 of the Listing Rules in relation to the professional training requirements during the year ended 31 December 2015.

External Auditor

The Company reappointed RSM Hong Kong (formerly known as RSM Nelson Wheeler) as the auditor of the Company on 12 May 2015.

For 2015, RSM Hong Kong is the external auditor of the Company. In 2015, the auditing and non-auditing (acted as reporting accountants for the notifiable transactions of the Company) fees paid to the external auditor were approximately RMB1.45 million and approximately RMB0.40 million respectively. The auditor's responsibilities to the shareholders of the Company are set out on page 57 of this Report.

Corporate Governance Report

Investor Relations

The Company places great emphasis on its relationship and communication with investors. The Company has numerous communication channels, such as press conference and seminars, to communicate with the media, analysts and fund managers. Designated senior management staff holds dialogue with analysts, fund managers and investors, who are also arranged to visit the Company and investment projects from time to time, so as to keep them abreast of the Group's business and latest developments. In addition, investors can also visit the Company's website at www.oct-asia.com for the most-updated information and the status of the business development of the Group.

The Board has adopted the revised and restated memorandum and articles of association. Investors can obtain the Company's latest memorandum and articles of association at the Company's website.

Communication with the Shareholders of the Company

The Board and senior management recognise the responsibility of safeguarding the interest of the shareholders of the Company and provide highly transparent and real-time information on the Company so as to keep the shareholders of the Company and investors abreast of the Company's position and help them to make the best investment decision. The Company believes that maintaining good and effective communication with shareholders of the Company can facilitate their understanding of the business performance and strategies of the Group. The Board and senior management also recognise the responsibility of safeguarding the interest of the shareholders of the Company. In order to safeguard the interest of the shareholders of the Company, the Company reports its financial and operating performance to the shareholders of the Company through annual reports and interim reports. Shareholders of the Company can also obtain information of the Group in time through annual reports, interim reports, announcements, circulars, press releases and the Company's website at www. oct-asia.com.

The annual general meetings are an appropriate forum for direct communications between the Board and the shareholders of the Company. Shareholders of the Company can raise questions directly to the Board in respect of the performance and future development of the Group at the annual general meetings.

Shareholder's Right

Procedures for putting forward proposals at a general meeting by shareholders

In accordance with the requirements under Article 64 of the articles of association of the Company, extraordinary general meetings shall also be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. If within twenty-one days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to Article 113 of the articles of association of the Company, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office. The minimum length of the period, during which the notices required under the articles of association of the Company will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders of the Company may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Attention: The Company Secretary
Overseas Chinese Town (Asia) Holdings Limited
Suite 3203-3204, Tower 6 The Gateway, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
Email: ir-asia@chinaoct.com

The Company Secretary shall forward the shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to answer the questions of the shareholders of the Company.

Directors' Report

The Board has pleasure in submitting the annual report together with the audited consolidated financial statements for the year ended 31 December 2015.

Principal Place of Business

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 February 2005. Its registered office and principal place of business are at Clifton House, 75 Fort Street, PO Box 1350 GT, George Town, Grand Cayman, Cayman Islands and Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsimshatsui, Kowloon, Hong Kong respectively.

Principal Activities and Business Review

The Company is an investment holding company. The Group is principally engaged in the comprehensive development business and the manufacture and sale of cartons and paper products.

Further discussion and analysis of the business review required by Schedule 5 to the Companies Ordinance, including an analysis on financial key performance indicators, a description of the principal risks, uncertainties facing the Group, an indication of likely future development in the Group's business, employment policy and subsequent event(s), can be found in the "Chairman's Statement " and "Management Discussion and Analysis" set out on page 8 to 22 of the annual report. This discussion forms part of this "Directors' Report".

Results and Distributions

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 59.

The Directors consider that dividends declared during the year or to be declared in future by the Group will be decided by the Board in its discretion. The factors that the Board will take into consideration include (but not limited to) distributable profits, the Group's profits, financial position, capital requirements and other factors which the Directors may deem relevant at the time. Undistributed profits will be used to provide funds for the Group's continuous growth and business expansion. Subject to the above, the Directors proposed the distribution of a dividend of HK14 cents per ordinary share for the year ended 31 December 2015 (2014: HK16 cents per ordinary share).

Financial Statements

The profit of the Group for the year ended 31 December 2015 and the state of affairs of the Group as at that date is set out in the consolidated financial statements on pages 61 to 62.

Proposed Final Dividend and Closure of Register

The register of members of the Company will be closed from 9 May 2016 to 11 May 2016 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting (the "Annual General Meeting"), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 6 May 2016.

The Board recommends the payment of a final dividend (the "Final Dividend") of HK14 cents per share to shareholders whose names appear on the register of members of the Company on 20 May 2016. The register of members will be closed from 18 May 2016 to 20 May 2016, both days inclusive, and the proposed Final Dividend is expected to be paid on 23 June 2016. The payment of Final Dividend shall be subject to the approval of the shareholders at the Annual General Meeting to be held on 11 May 2016. In order to be qualified for the proposed Final Dividend, shareholders should deliver share certificates together with transfer documents to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 17 May 2016.

The Board has approved the payment of a preferential dividend of HK20.25 cents per convertible preference share for the year ended 31 December 2015 on 15 April 2016.

Transfer to Reserves

Profit attributable to owners of the Company before dividends of approximately RMB273 million (2014: approximately RMB326 million) has been transferred to reserves. Other movements in the reserves are set out in consolidated statement of changes in equity and note 30 to the consolidated financial statements.

Fixed Assets

During the Period Under Review, the Group invested approximately RMB353 million for the acquisition of fixed assets (including construction in progress). Details of the movements of fixed assets and construction in progress are set out in note 14 to the consolidated financial statements.

Share Capital

As of 31 December 2015, the total number of the issued ordinary shares of the Company was 652,366,000 shares, which increased by 2,576,000 shares as compared to that of the prior year; the total number of the issued Convertible Preference Shares of the Company was 96,000,000 shares, which is equal to the number of the prior year.

Details of the movements in the share capital of the Company during the year are set out in note 30 to the consolidated financial statements.

Distributable Reserves

Pursuant to the relevant rules of the Cayman Islands, the Company's distributable reserves as at 31 December 2015 amounted to RMB2,434 million.

Pre-Emptive Rights

There was no provision in respect of pre-emptive rights in the articles of association of the Company or any requirement in the laws of the Cayman Islands requiring the Company to issue new shares to the existing Shareholders proportionately.

Directors' Report

Purchase, Sale or Redemption of Shares

The Company has not purchased its own listed shares during the reporting period. During the period, save as disclosed in this report, the Company or any of its subsidiaries has not purchased or sold or redeemed any of the listed shares in the Company.

Material Contracts

Save as disclosed in this report, no contract of significance has been entered into during the reporting period between the Company or any of its subsidiaries and the controlling shareholder or its subsidiaries.

Service Contracts

No Director has an unexpired service contract which is not determinable by the Company within one year without payment of compensation other than normal statutory compensation.

Environmental Policies and Performance

We are committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. In respect of the paper packaging business of the Group. We are committed to becoming an enterprise concerning environmental protection and creating an eco-supply chain penetrating suppliers, customers and consumers. For this, we require suppliers to provide environmental monitoring report to ensure that the raw materials purchased are in compliance with the requirements of relevant environmental regulations and rules. Our comprehensive development business carried out the concept of green construction, including construction planning and design, application of renewable energy, construction environmental-friendly and green operation.

Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in the mainland China while the Company itself is listed on the Stock Exchange. Our operations accordingly shall comply with relevant laws and regulations in the mainland China and Hong Kong. During the year ended 31 December 2015, the Group did not breach the relevant laws and regulations that exert a significant impact on the Company.

Directors

The Directors during the year were as follows:

Executive Directors:

Ms. Wang Xiaowen *(Chairman)*
Ms. Xie Mei *(Chief Executive Officer)*
Mr. Yang Jie *(resigned on 12 March 2015)*
Mr. Lin Kaihua *(appointed on 12 March 2015)*

Non-executive Director:

Mr. Zhou Ping

Independent Non-executive Directors:

Mr. Lu Gong
Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon

Directors' Interests in Contracts

Save as disclosed in this annual report, no contract of significance in relation to the Group's business to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Personal Biographies of Directors and Senior Management

Personal biographies of Directors and senior management are set out on pages 23 to 26.

Directors' Interest in Competing Business

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2015 and up to and including the date of this annual report.

Directors' and Chief Executive's Interests and/or Short Positions in Shares and Underlying Shares

As at 31 December 2015, interests and short positions in the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix X of the Listing Rules are as follows:

Long positions in underlying shares of the Company

Name of Directors	Number of underlying shares	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Zhou Ping *(Note 1)*	160,000	Interest of spouse	Personal	0.025%

Note:

(1) Ms. Li Ning, the spouse of Mr. Zhou, held share options to subscribe for 160,000 shares of the Company, Mr. Zhou is deemed, or taken to be, interested in the share options to subscribe for 160,000 shares of the Company held by Ms. Li Ning under the SFO.

Save as disclosed above, as at 31 December 2015, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

Interests and Short Positions of Substantial Shareholders and Other Persons

As at 31 December 2015, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long Position in Shares

Name of substantial shareholders	Capacity/Nature	No. of Shares held	Approximate % of shareholding
Pacific Climax Limited ("Pacific Climax") *(Note 1)*	Beneficial owner	434,894,000 (long position)	66.66%
Overseas Chinese Town (HK) Company Limited ("OCT (HK)")	Interest of a controlled corporation *(Note 2)*	434,894,000 (long position)	66.66%
	Beneficial owner	96,000,000 (long position)	14.72%
Shenzhen Overseas Chinese Town Company Limited ("OCT Ltd.")	Interest of a controlled corporation *(Note 3)*	530,894,000 (long position)	81.38%
Overseas Chinese Town Enterprises Company ("OCT Group")	Interest of a controlled corporation *(Note 4)*	530,894,000 (long position)	81.38%
New China Life Insurance Co., Ltd ("NC Life Insurance")	Beneficial owner *(Note 5)*	40,000,000 (long position)	6.13%
China Re Asset Management Co., Ltd ("CRAMC")	Beneficial owner *(Note 5)*	40,000,000 (long position)	6.13%
Others			
UBS Group AG	Person having a security interest in shares *(Note 6)*	3,200,000 (long position)	0.49%
	Interest of a controlled corporation *(Note 6)*	49,274,000 (long position)	7.55%
		278,000 (short position)	0.04%
UBS AG	Person having a security interest in shares *(Note 6)*	3,200,000 (long position)	0.49%
	Interest of a controlled corporation *(Note 6)*	48,996,000 (long position)	7.51%
	Beneficial owner *(Note 6)*	278,000 (long position)	0.04%
		278,000 (short position)	0.04%

Notes:

(1) Ms. Xie Mei and Mr. Lin Kaihua, both being executive Directors, and Mr. Zhou Ping, being a non-executive Director, are also directors of Pacific Climax.

(2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT (HK) is deemed, or taken to be interested in all the Shares beneficially held by Pacific Climax for the purpose of the SFO. Ms. Wang Xiaowen and Ms. Xie Mei, both being executive Directors, and Mr. Zhou Ping, being a non-executive Director, are also directors of OCT (HK).

(3) OCT Ltd. is the beneficial owner of all the issued share capital of OCT (HK), which is in turn the beneficial owner of all the issued share capital of Pacific Climax. Therefore, OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax for the purpose of the SFO. OCT Ltd. is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd. is a subsidiary of OCT Group.

(4) OCT Group is the beneficial owner of 53.47% of the issued shares of OCT Ltd., which is the beneficial owner of all the issued shares of OCT (HK) and in turn, the beneficial owner of all the issued share capital of Pacific Climax. Therefore, OCT Group is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT Ltd., OCT (HK) and Pacific Climax for the purpose of the SFO.

(5) On 24 July 2013, the Company allotted and issued 40,000,000 and 40,000,000 Convertible Preference Shares to NC Life Insurance and CRAMC respectively according to the preference shares subscription agreements entered into by the Company with each of NC Life Insurance and CRAMC on 6 June 2013. In addition, on 6 June 2013, OCT (HK) entered into a put option deed with each of NC Life Insurance and CRAMC, pursuant to which, OCT (HK) grants to each of NC Life Insurance and CRAMC to require OCT (HK) to purchase from NC Life Insurance or CRAMC (as the case may be) (and any subsequent transferee of the Convertible Preference Shares) all (but not some only) of the outstanding Convertible Preference Shares legally and beneficially owned by NC Life Insurance or CRAMC (as the case may be) (and any subsequent transferee of the Convertible Preference Shares) from time to time during the 180 days commencing from the third anniversary of the date on which the Convertible Preference Shares would be allotted and issued by the Company to NC Life Insurance or CRAMC (as the case may be).

(6) The interests of UBS AG consist of the interests (long position) in 39,088,000 shares, 5,756,000 shares, 4,152,000 shares and 278,000 shares (total: 49,274,000 shares) held by UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Hong Kong) Ltd, UBS Global Asset Management (Singapore) Ltd and UBS AG. UBS Fund services (Luxembourg) SA, UBS Global Asset Management (Hong Kong) Ltd and UBS Global Asset Management (Singapore) Ltd are wholly-owned by UBS AG while UBS AG is directly owned as to 98.02% by UBS Group AG, and the interests (short position) in 278,000 shares held by UBS AG. UBS Group AG is also interested in 3,200,000 shares (long position) in the capacity as a person having a security interest in the shares. Therefore, UBS Group AG is deemed, or taken to be interested in the total of 52,474,000 shares (long position) and 278,000 shares (short position) for the purpose of the SFO.

Save as disclosed above, as at 31 December 2015, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

Directors' Report

Major Customers and Suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	9.0%	
Five largest customers in aggregate	34.3%	
The largest supplier		21.6%
Five largest suppliers in aggregate		63.0%

Other than OCT Group, the ultimate controlling company of the Company, which owns approximately 21.75% of the total issued share capital and has gained the control of majority of the board of Konka Group Co., Ltd. (and its subsidiaries), one of the five largest customers of the Group in 2015, at no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers or customers.

Connected Transactions

During the year, the Group has the following continuing connected transactions (the "Connected Transactions") and the Company has fully complied with the announcement, reporting and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules (where applicable):

1. On 11 December 2013, the Company and OCT Group entered into a cartons sale and purchase agreement for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Cartons Sale and Purchase Agreement"). Pursuant to the Cartons Sale and Purchase Agreement, the Group has agreed to sell cartons and other paper products to OCT Group and its associates. The exact amount of products to be sold and the selling price will be determined by OCT Group and/or its associates and the Group on each sale transaction with reference to the prevailing market prices of the products.

   OCT Group is a holding company of OCT Ltd., holding approximately 53.47% interests in OCT Ltd. as at the date of this annual report. OCT Ltd. owns 100% equity interests in OCT (HK), which owns 100% equity interests in Pacific Climax, a controlling shareholder of the Company, and hence each of OCT Group and its associates is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements under the above Cartons Sale and Purchase Agreement constitute continuing connected transactions under the Listing Rules.

2. On 11 December 2013, OCT Shanghai Land entered into a property management agreement with Shanghai Branch Office of Shenzhen Overseas Chinese Town Property Service Company Limited (深圳市華僑城物業服務有限公司) ("OCT Property Service") ("OCT Property Service Shanghai Branch") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Property Management Agreement"). Pursuant to the Property Management Agreement, OCT Property Service Shanghai Branch will provide property management services to OCT Shanghai Land in relation to the Shanghai Suhewan Project for a term of three years with effect from 1 January 2014 and ending on 31 December 2016. The management fees payable under New Property Management Agreement will be calculated based on the actual areas that are managed, and the labour costs to be incurred by OCT Property Service Shanghai Branch and the parties shall enter into separate management contract(s) for the precise property that would be managed by OCT Property Service Shanghai Branch which shall specify the payment arrangement for the management fees.

   OCT Property Service is an indirect wholly-owned subsidiary of OCT Ltd. Therefore, OCT Property Service is a connected person of the Company pursuant to the Listing Rules. OCT Property Service Shanghai Branch is a branch company of OCT Property Service. Accordingly, the arrangements under the above Property Management Framework Agreement constitute continuing connected transactions under the Listing Rules.

3. On 11 December 2013, OCT Shanghai Land entered into an electrical and mechanical services consultation agreement with Shenzhen Overseas Chinese Town Water and Electricity Company Limited (深圳華僑城水電有限公司) ("OCT Electricity") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Electrical and Mechanical Service Consultation Agreement"). Pursuant to the Electrical and Mechanical Services Consultation Agreement, OCT Electricity will provide Electrical and Mechanical Consultation Services to OCT Shanghai Land in relation to the Suhewan project in Shanghai. The consultation fees payable under Electrical and Mechanical Services Consultation Agreement will be calculated based on the labour costs to be incurred by OCT Electricity. The parties shall enter into separate consultation contracts for the consultation services that would be provided by OCT Electricity which shall specify the payment arrangement for the consultation fees.

   OCT Electricity is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. Accordingly, the arrangements of the above Electrical and Mechanical Services Consultation Agreement constitute continuing connected transactions under the Listing Rules.

4. On 11 December 2013, Chengdu OCT entered into a property management framework agreement with Chengdu branch office of OCT Property Service ("OCT Property Service Chengdu Branch") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Property Management Framework Agreement"). Pursuant to the Property Management Framework Agreement, OCT Property Service Chengdu Branch will provide property management services to Chengdu OCT in relation to Chengdu OCT's project in Chengdu. The management fees payable under Property Management Framework Agreement will be calculated based on the actual areas that are managed and the manpower that have been employed by OCT Property Service Chengdu Branch and the parties shall enter into separate management contract(s) for the precise property that would be managed by OCT Property Service Chengdu Branch which shall specify the payment arrangement for the management fees.

   OCT Property Service is an indirect wholly-owned subsidiary of OCT Ltd. Therefore, OCT Property Service is a connected person of the Company pursuant to the Listing Rules. OCT Property Service Shanghai Branch is a branch of OCT Property Service. Accordingly, the arrangements under the above Property Management Framework Agreement constitute continuing connected transactions under the Listing Rules.

Directors' Report

5. On 11 December 2013, Chengdu OCT entered into an electricity consultation services agreement with OCT Electricity Chengdu Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Electricity Consultation Service Agreement"), pursuant to which OCT Electricity Chengdu Branch will provide, among others, daily and regular inspection, maintenance and management service to Chengdu OCT, its subsidiaries and branches in relation to certain electricity facilities in properties in the operating areas of Chengdu OCT and provide consultation services to Chengdu OCT, its subsidiaries and branches in relation to professional electricity supply skills and related business and the plan of constructing an electricity monitoring system of Chengdu OCT. The charges for the services will be determined by the parties by way of negotiation with reference to the prevailing market prices at the time of provision of such services and paid on a quarterly basis.

   OCT Electricity is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT Electricity Chengdu Branch is a branch company of OCT Electricity. Hence, the arrangements under the above Electricity Consultation Services Agreement constitute continuing connected transactions under the Listing Rules.

6. On 11 December 2013, Chengdu OCT entered into a theme show framework agreement with Shenzhen Overseas Chinese Town International Media and Performance Company Limited (深圳華僑城國際傳媒演藝有限公司) ("OCT International Media") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Theme Show Framework Agreement"), pursuant to which OCT International Media, its subsidiaries and branches agree to provide consultancy services to Chengdu OCT, its subsidiaries and branches, provide improvement and/or modification services and production services, and act as the general agent of Chengdu OCT, its subsidiaries and branches to sell theme shows tickets and rental of the Chengdu OCT Theatre. The charge of such services will be determined by the parties by way of negotiation with reference to the prevailing market prices at the time of provision of such services. Payment of service charges shall be made after completion of works for each stage of service. The specific payment arrangement will be specified in the separate service agreement(s) to be entered into between the parties.

   OCT International Media is a non-wholly-owned subsidiary of OCT Ltd. and is owned directly as to 10% by Chengdu OCT, and hence a connected person of the Company. Accordingly, the arrangements under the above Theme Show Framework Agreement constitute continuing connected transactions under the Listing Rules.

7. On 11 December 2013, Chengdu OCT entered into a Konka framework agreement with Konka Group Chengdu Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Konka Framework Agreement"). Pursuant to the Konka Framework Agreement, Chengdu OCT, its subsidiaries and branches agree to purchase and Konka Group Chengdu Branch agrees to supply the LED Equipment, Television and Other Electronic Products and Service to Chengdu OCT.

   Konka Group is directly owned by OCT Group as to approximately 21.75% of its total issued share capital and has gained control of majority of the board of Konka Group. Therefore, Konka Group is a connected person of the Group pursuant to the Listing Rules. Konka Group Chengdu Branch is a branch company of Konka Group. Accordingly, the arrangements under the above Konka Framework Agreement constitute continuing connected transactions under the Listing Rules.

8. On 11 December 2013, Chengdu OCT Happy Valley Branch entered into an entertainment facilities framework agreement with OCT Culture for a term of three years with effect from 1 January 2014 and ending on 31 December 2016 ("Entertainment Facilities Framework Agreement"). Pursuant to the Entertainment Facilities Framework Agreement, Chengdu OCT Happy Valley Branch agrees to purchase and OCT Culture agrees to supply entertainment facilities and related services to Chengdu OCT Happy Valley Branch.

OCT Culture is a non-wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Group within the meaning of the Listing Rules. Accordingly, the arrangements under the above Entertainment Facilities Framework Agreement constitute continuing connected transactions under the Listing Rules.

9. On 11 December 2013, Happy Valley branch office of Chengdu OCT ("Chengdu OCT Happy Valley Branch") entered into the Cooperation Agreement with Chengdu Shaxi Line branch office of Shenzhen Overseas Chinese Town City Inn Company Limited (深圳華僑城城市客棧有限公司) ("OCT City Inn Chengdu Branch") for a term of three years with effect from 1 January 2014 to 31 December 2016, pursuant to which, among others, Chengdu OCT Happy Valley Branch agrees to sell tickets of the Theme Park to OCT City Inn Chengdu Branch at a fixed discounted price per ticket. OCT City Inn Chengdu Branch shall settle the ticket sales on a monthly basis in cash for the actual transaction amount.

   OCT City Inn is an indirect wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT City Inn Chengdu Branch is the branch company of OCT City Inn. Accordingly, the arrangements under the above Cooperation Agreement constitute continuing connected transactions under the Listing Rules.

10. On 11 December 2013, Chengdu OCT entered into a tenancy agreement with OCT City Inn Chengdu Shaxi Line Branch for a term of three years with effect from 1 January 2014 and ending on 31 December 2016, pursuant to which Chengdu OCT agrees to lease to OCT City Inn Chengdu Shaxi Line Branch certain premises located at Jinniu District, Chengdu, Sichuan Province, the PRC, owned by Chengdu OCT for the operation of an inn ("Chengdu Tenancy I").

    OCT City Inn is an indirect wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT City Inn Chengdu Shaxi Line Branch is a branch company of OCT City Inn. Accordingly, the arrangements under the above Chengdu Tenancy I constitute continuing connected transactions under the Listing Rules.

11. On 11 December 2013, Chengdu OCT entered into a tenancy agreement with Chengdu branch office of Shenzhen OCT Hake Culture Company Limited (深圳華僑城哈克文化有限公司) ("OCT Hake Chengdu Branch") for a term of three years with effect from 1 January 2014 and ending on 31 December 2016, pursuant to which Chengdu OCT agrees to lease to OCT Hake Chengdu Branch certain premises located at Jinniu District, Chengdu, Sichuan Province, the PRC for the operation of an entertainment centre ("Chengdu Tenancy II").

    OCT Hake is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. OCT Hake Chengdu Branch is a branch company of OCT Hake. Accordingly, the arrangements under the above Chengdu Tenancy II constitute continuing connected transactions under the Listing Rules.

12. On 9 July 2014, OCT Entertainment entered into a tenancy agreement with Shenzhen Huali for a term of three years commencing from the date of delivery of the premises i.e. 10 September 2014 at a rental of RMB278,200 per month, pursuant to which, OCT Entertainment agreed to lease certain properties located in Nanshan district, Shenzhen, Guangdong Province to Shenzhen Huali as office premises ("Tenancy Agreement").

    OCT Entertainment is a branch of OCT Properties. OCT Properties is a wholly-owned subsidiary of OCT Ltd., and hence a connected person of the Company within the meaning of the Listing Rules. As such, the above arrangements of the Tenancy Agreement constitute a continuing connected transaction under the Listing Rules.

Directors' Report

Details of item 1 to 11 of the Connected Transactions are set out in the announcement of the Company dated 11 December 2013. Details of item 12 of the Connected Transactions are set out in the announcement of the Company dated 9 July 2014. The transaction amount and cap amount of the Connected Transactions for the year ended 31 December 2015 are as follows:

	Particulars of the continuing connected transactions	Transaction amount for the year ended 31 December 2015 RMB'000 (approx.)	Cap amount for the year ended 31 December 2015 RMB'000
(1)	Cartons Sale and Purchase Agreement between the Group and OCT Group	58,805	85,000
(2)	Property Management Agreement Between OCT Shanghai Land and OCT Property Service Shanghai Branch	4,841	10,000
(3)	Electrical and Mechanical Services Consultation Agreement between OCT Shanghai Land and OCT Electricity	330	1,000
(4)	Property Management Framework Agreement between Chengdu OCT and OCT Property Service Chengdu Branch	16,182	32,000
(5)	Electricity Consultation Services Agreement between Chengdu OCT and OCT Electricity Chengdu Branch	2,259	6,280
(6)	Theme Show Framework Agreement between Chengdu OCT and OCT International Media	0	30,500
(7)	Konka Framework Agreement between Chengdu OCT and Konka Group Chengdu Branch	243	1,720
(8)	Entertainment Facilities Framework Agreement between Chengdu OCT Happy Valley Branch and OCT Culture	0	30,000
(9)	Cooperation Agreement between Chengdu OCT Happy Valley Branch and OCT City Inn Chengdu Branch	967	2,000
(10)	Chengdu Tenancy I between Chengdu OCT and OCT City Inn Chengdu Shaxi Line Branch	1,750	1,750
(11)	Chengdu Tenancy II between Chengdu OCT and OCT Hake Chengdu Branch	1,152	2,500
(12)	Tenancy Agreement between OCT Entertainment and Shenzhen Huali	Annual ancillary miscellaneous charge: 535 Rental: 2,226	Annual ancillary miscellaneous charge: 600 Rental :4,415

The Directors confirm that for the above Connected Transactions, the Company has complied with the disclosure, reporting and/or shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the above Connected Transactions and confirm:

(1) the above Connected Transactions are in the ordinary and usual course of business of the Company;

(2) the above Connected Transactions are on normal commercial terms, or if there are insufficient comparable transactions to judge whether the terms of those transactions are normal commercial terms, as far as the Company is concerned, the terms of the above transactions are no less favourable than those available to or from independent third parties (as the case may be); and

(3) the above Connected Transactions are entered into under the terms of the agreements in respect of the relevant transactions and the transaction terms are fair and reasonable and are in the interest of shareholders of the Company as a whole.

In addition, the Company's auditors have also confirmed in writing to the Board:

Nothing had come to their attention which caused them to believe that:

- the Connected Transactions had not received the approval of the Board;

- the Connected Transactions had not been entered into, in all material aspects, in accordance with the relevant agreements governing the transactions;

- the Connected Transactions had not been entered into, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group; and

- the transaction amount occurred in 2015 for each of the Connected Transactions had exceeded the maximum aggregate annual value as disclosed in the Company's announcements dated 11 December 2013 and 9 July 2014.

Directors' Report

The related party transactions are set out in note 34 to the financial statements of the Company. Apart from the connected transactions and continuing connected transactions disclosed above, all the other related party transactions did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2015, OCT Group and its associates provided financial support to the Group and the interest and related expenses payable by the Group amounted to approximately RMB420 million in total. Such financial support constituted a connected transaction of the Company, but was exempted from complying with the requirements of reporting, announcement and approval from independent shareholders based on that the financial support provided to the Group by OCT Group and its associates and which benefited the Company was made on the normal commercial terms (or more favorable than that provided to the listing issuer) to provide loans to the Company and no asset of the Group was pledged as collateral for this financial support.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2015 are set out in note 26 to the consolidated financial statements.

Five Year Summary

A summary of the results and the assets and liabilities of the Group for the last five years is set out on pages 139 to 140 of this annual report.

Retirement Schemes

The Group participates in two defined contribution retirement schemes which cover the Group's full-time employees. Particulars of these retirement schemes are set out in note 27 to the consolidated financial statements.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent parties.

Auditor

RSM Nelson Wheeler was first appointed as the auditor of the Company in 2012.

At the Company's last annual general meeting, RSM Nelson Wheeler was reappointed as auditor of the Company. On 26 October 2015 our auditor changed the name under which it practices to RSM Hong Kong and accordingly has signed its report under its new name.

RSM Hong Kong will retire and, being eligible, offer itself for reappointment. A resolution for the reappointment of RSM Hong Kong as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

Share Option Scheme

Under the ordinary resolution passed at the extraordinary general meeting on 15 February 2011, the Board adopted a new share option scheme (the "New Scheme"). The purpose of the New Scheme is to attract and retain the best available personnel, to provide additional incentive to the employees (full-time and part-time), directors, consultants and advisers of the Group and to promote the business development of the Group. The New Scheme shall be valid and effective for a period of ten years ending on 14 February 2021, unless terminated earlier by shareholders of the Company at general meeting.

The participants of the New Scheme include any full-time or part-time employee, director, advisor and professional consultant of the Group or any member of the Group. The Directors may at their absolute discretion and on such terms as they may think fit, propose any eligible person under the New Scheme to take up options.

An offer for the grant of options must be accepted within 28 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.

The subscription price of a share in respect of any particular option granted under the New Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under all the New Schemes and any other Share Option Scheme does not exceed 10% of the shares in issue at the date of approval of the New Scheme. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of shares which may be issued upon exercise of all options granted and yet to be exercised under all the New Schemes and any other Share Option Scheme of the Company does not exceed 30% of the shares in issue at the time.

The total number of options available for issue under the New Scheme as at 31 December 2015 was 20,436,000 options, which represented approximately 3.13% of all the issued share capital of the Company as at 31 December 2015. In addition, the total number of shares to be issued upon exercise of options already granted under the New Scheme as at 31 December 2015 was 26,424,000 Shares, representing approximately 4.05% of the issued share capital of the Company as at 31 December 2015. The total number of shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the shares of the Company then in issue.

Directors' Report

An option may be exercised in accordance with the terms of the New Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

Pursuant to the terms of the New Scheme, the Company granted 30,100,000 options to some eligible participants (including some directors and employees) at the exercise price of HK$4.04 and grant price of HK$1 on 3 March 2011. Details of the options granted under the New Scheme above are set out in the announcement of the Company dated 3 March 2011.

The status of the share options granted as of 31 December 2015 is as follows:

	Number of unlisted share options (physically settled equity derivatives)									
Name and category of participants	As at 1 January 2015	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 31 December 2015	Date of grant of share options	Exercise period of share options	Exercise price of share options* HK$	Share price of the Company as at the date of grant of share options** HK$	Share price of the Company as at the date of exercise of share options*** HK$
Directors										
Zhou Ping	160,000	–	–	–	160,000	3 March 2011****	3 March 2011 to 2 March 2016	4.04	4.04	–
Other employees	29,540,000	–	2,576,000	700,000	26,264,000	3 March 2011****	3 March 2011 to 2 March 2016	4.04	4.04	4.82
Total	29,700,000	–	2,576,000	700,000	26,424,000					

* The exercise price of the share options was subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

** The share price of the Company disclosed as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

*** The share price of the Company as at the date of the exercise of the share options was the weighted average closing price of the shares immediately before the dates on which the share options were exercised during the period.

**** The share options granted under the New Scheme shall be exercisable during the period from the date of acceptance of the offer of the grant (the "Date of Grant") up to 5 years from the Date of Grant subject to the following vesting term:

Maximum percentage of share options exercisable including the percentage of share options previously exercised	Period for exercise of the relevant percentage of the share options
30%	at any time after the expiry of 2 years from the Date of Grant up to 3 years from the Date of Grant
60%	at any time after the expiry of 3 years from the Date of Grant up to 4 years from the Date of Grant
100%	at any time after the expiry of 4 years from the Date of Grant up to 5 years from the Date of Grant

The details of the model and significant assumptions used to estimate the fair value of the share options granted by the Company to the eligible participants during the period are set out in note 28 to the consolidated financial statements of the Company.

Apart from the foregoing, at no time during the period prior to the date of this report was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

After the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 30 to the consolidated financial statements of the Company.

By order of the Board
Wang Xiaowen
Chairman

Hong Kong, 16 March 2016

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OVERSEAS CHINESE TOWN (ASIA) HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Overseas Chinese Town (Asia) Holdings Limited (the "Company") and its subsidiaries set out on pages 59 to 138, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

RSM Hong Kong
Certified Public Accountants
Hong Kong

16 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Revenue	6(a)	6,436,110	3,796,572
Cost of sales		(4,414,956)	(2,550,308)
Gross profit		2,021,154	1,246,264
Other revenue	7(a)	46,717	55,687
Other net (losses)/gains	7(b)	(9,669)	15,173
Distribution costs		(284,517)	(221,459)
Administrative expenses		(249,613)	(190,093)
Other operating expenses		(122,770)	(46,958)
Profit from operations		1,401,302	858,614
Finance costs	8(a)	(222,935)	(189,867)
Gain on disposal of a subsidiary		–	335,785
Share of profits/(losses) of associates	18	188,307	(13,217)
Profit before tax	8	1,366,674	991,315
Income tax expense	9	(704,731)	(457,737)
Profit for the year		661,943	533,578
Attributable to:			
Owners of the Company		273,042	326,028
Non-controlling interests		388,901	207,550
		661,943	533,578
Earnings per share (RMB)	13		
Basic		0.40	0.49
Diluted		0.37	0.44

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Profit for the year	661,943	533,578
Other comprehensive income for the year, net of tax:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	(146,260)	(27,883)
Total comprehensive income for the year	515,683	505,695
Attributable to:		
Owners of the Company	126,782	298,145
Non-controlling interests	388,901	207,550
	515,683	505,695

Consolidated Statement of Financial Position

At 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Fixed assets	14		
– Investment property		770,615	526,138
– Property, plant and equipment		1,232,849	1,491,336
– Interests in leasehold land held for own use		637,396	657,756
		2,640,860	2,675,230
Intangible assets	15	2,125	684
Goodwill	16	103,740	223,476
Investments in associates	18	394,588	155,611
Other financial assets	19	4,320	4,320
Deferred tax assets	29(a)	160,947	122,047
Other long-term deposits	20	1,107,843	–
		4,414,423	3,181,368
Current assets			
Inventories	21	13,183,088	13,699,310
Trade and other receivables	22	1,107,857	1,213,414
Cash and cash equivalents	23	3,374,156	3,763,918
		17,665,101	18,676,642
Current liabilities			
Trade and other payables	24	2,912,157	2,365,622
Receipts in advance	25	605,260	720,281
Bank loans	26	1,313,139	477,835
Related party loans	26	1,373,752	1,301,393
Current tax liabilities		766,481	644,725
		6,970,789	5,509,856
Net current assets		10,694,312	13,166,786
Total assets less current liabilities		15,108,735	16,348,154

Consolidated Statement of Financial Position

At 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Bank and other loans	26	**2,817,516**	3,044,400
Related party loans	26	**5,283,346**	6,661,154
Deferred tax liabilities	29(a)	**234,948**	258,937
		8,335,810	9,964,491
NET ASSETS		**6,772,925**	6,383,663
CAPITAL AND RESERVES			
Share capital	30(d)	**67,337**	67,134
Reserves	30(e)	**2,968,518**	2,930,923
Equity attributable to owners of the Company		**3,035,855**	2,998,057
Non-controlling interests		**3,737,070**	3,385,606
TOTAL EQUITY		**6,772,925**	6,383,663

Approved by the Board of Directors on 16 March 2016 and are signed on its behalf by:

Wang Xiaowen
Director

Xie Mei
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

		Attributable to owners of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	General reserve fund RMB'000	Enterprise expansion fund RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		(note 30(d))	(note 30(e)(i))	(note 30(e)(i))	(note 30(e)(ii))	(note 30(e)(iii))	(note 30(e)(iv))	(note 30(e)(v))	(note 30(e)(vi))				
At 1 January 2014		67,134	1,488,117	147,711	24,757	48,974	33,733	176,183	5,366	751,543	2,743,518	3,366,777	6,110,295
Total comprehensive income for the year		–	–	–	–	–	(27,883)	–	–	326,028	298,145	207,550	505,695
Transfer between reserves		–	–	–	–	–	–	59,410	–	(59,410)	–	–	–
Transfer		–	(1,460,000)	–	–	–	–	–	–	1,460,000	–	–	–
Equity settled share-based transaction	28	–	–	–	–	4,380	–	–	–	–	4,380	–	4,380
Dividend approved and paid in respect of previous year	30(c)	–	–	–	–	–	–	–	–	(47,986)	(47,986)	(188,721)	(236,707)
Changes in equity for the year		–	(1,460,000)	–	–	4,380	(27,883)	59,410	–	1,678,632	254,539	18,829	273,368
At 31 December 2014		67,134	28,117	147,711	24,757	53,354	5,850	235,593	5,366	2,430,175	2,998,057	3,385,606	6,383,663
At 1 January 2015		67,134	28,117	147,711	24,757	53,354	5,850	235,593	5,366	2,430,175	2,998,057	3,385,606	6,383,663
Total comprehensive income for the year		-	-	-	-	-	(146,260)	-	-	273,042	126,782	388,901	515,683
Transfer between reserves		-	-	-	-	-	-	86,965	-	(86,965)	-	-	-
Share issued under share option scheme	30(d)	203	8,767	-	-	(761)	-	-	-	-	8,209	-	8,209
Equity settled share-based transaction	28	-	-	-	-	684	-	-	-	-	684	-	684
Capital injection in a subsidiary by non-controlling interests		-	-	-	-	-	-	-	-	-	-	265,000	265,000
Dividend approved and paid in respect of previous year	30(c)	-	-	-	-	-	-	-	-	(97,877)	(97,877)	(302,437)	(400,314)
Changes in equity for the year		203	8,767	-	-	(77)	(146,260)	86,965	-	88,200	37,798	351,464	389,262
At 31 December 2015		67,337	36,884	147,711	24,757	53,277	(140,410)	322,558	5,366	2,518,375	3,035,855	3,737,070	6,772,925

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23(d)	3,340,151	1,237,394
Tax paid:			
– PRC tax paid		(645,864)	(613,215)
Interest paid		(590,674)	(571,952)
Net cash generated from operating activities		2,103,613	52,227
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of fixed assets and intangible assets		(354,614)	(204,076)
Deposits paid for acquisition of long-term assets		(310,000)	–
Deposits paid for acquisition of an associate		(797,843)	–
Proceeds from disposals of fixed assets		5,879	2,702
Disposal of a subsidiary		–	1,001,842
Acquisition of an associate		(265,250)	–
Dividends received from unlisted equity investments		632	669
Dividend received from an associate		165,000	–
Interest received		42,566	50,061
Net cash (used in)/generated from investing activities		(1,513,630)	851,198
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		8,209	–
Capital injection in a subsidiary by non-controlling interests		265,000	–
Proceeds from new borrowings		1,974,580	3,241,551
Dividends paid to owners of the Company		(97,877)	(47,986)
Dividends paid to non-controlling interests		(302,437)	(188,721)
Repayment of borrowings		(2,692,390)	(1,830,765)
Net cash (used in)/generated from financing activities		(844,915)	1,174,079
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(254,932)	2,077,504
Effect of foreign exchange rate changes		(134,830)	(24,943)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		3,763,918	1,711,357
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	23(a)	3,374,156	3,763,918

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. GENERAL INFORMATION

Overseas Chinese Town (Asia) Holdings Limited ("the Company") was incorporated in the Cayman Islands with limited liability. The address of its registered office is Clifton House, PO Box 1350 GT, 75 Fort Street, Grand Cayman, Cayman Islands. The address of its principal place of business is Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 December 2015, Pacific Climax Limited, a company incorporated in the British Virgin Islands, is the immediate parent; 深圳華僑城股份有限公司 (Shenzhen Overseas Chinese Town Company Limited) ("OCT Ltd"), a company incorporated in the People's Republic of China (the "PRC") which shares listed on the Shenzhen Stock Exchange and Overseas Chinese Town (HK) Company Limited, a company incorporated in Hong Kong, are the intermediate parents and 華僑城集團公司 (Overseas Chinese Town Enterprises Corporation) ("OCT Group"), a state-owned enterprise incorporated in the PRC, is the ultimate parent of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Company and its subsidiaries (the "Group") has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2015.

Amendment to HKAS 40 (Annual Improvements to HKFRSs 2011-2013 Cycle)

The amendment clarifies the application of HKFRS 3 and HKAS 40 in respect of acquisitions of investment property. HKAS 40 assists preparers to distinguish between investment property and owner-occupied property, then HKFRS 3 helps them to determine whether the acquisition of an investment property is a business combination. The amendment had no effect on the Group's consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS *(continued)*

(a) Application of new and revised HKFRSs *(continued)*

Amendment to HKFRS 8 (Annual Improvements to HKFRSs 2010-2012 Cycle)

The amendment requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of the total of the reportable segments' assets to the entity's assets are required only if the segment assets are reported regularly. These clarifications had no effect on the Group's consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendment to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

(c) Disclosure requirements under the new Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. Although the Company is not incorporated in Hong Kong, the Listing Rules require the Company to comply with the disclosure requirements of the new Hong Kong Companies Ordinance (Cap.622). As a result, there are changes to presentation and disclosures requirements of certain information in the consolidated financial statements.

(d) Amendments to the Rules Governing the Listing of Securities on the Stock Exchange

The Stock Exchange in April 2015 released revised Appendix 16 of the Listing Rules in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. The Company has adopted the amendments resulting in changes to the presentation and disclosures of certain information in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated exchange reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Consolidation *(continued)*

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated exchange reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the exchange reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Fixed assets

Fixed assets including buildings and leasehold land (classified as finance leases), held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of fixed assets is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	20 years
Plant and machinery	5 to 10 years
Motor vehicles	4 to 5 years
Other property, plant and equipment	3 to 5 years
Interests in leasehold land held for own use	The shorter of the lease terms and 50 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The depreciation is calculated using the straight line method to allocate the cost to the residual value over its estimated useful life ranging from 25 years to 38 years.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses. Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	5 to 10 years
Copyright	2 years

Both the period and method of amortisation are reviewed annually.

(h) Leases

The Group as lessee

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(i) Properties for sale under development

Properties for sale under development are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

On completion, the properties are reclassified to properties held for sale at the then carrying amount.

(j) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Costs of properties include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(m) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Financial assets *(continued)*

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

(n) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(o) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(p) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Financial liabilities and equity instruments *(continued)*

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(ii) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Revenue arising from the sale of properties held for sale is recognised upon the earlier of handover or the completion of the legal transfer of the properties which is taken to be the point in time when the risks and rewards of ownership of the property have passed to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under forward sales deposits and instalments received.

Revenue from the sales of tickets of theme park is recognised when the services are rendered and the ticket proceeds have been received. Revenue from the sales of tickets excludes business tax or other sales related tax and is after deduction of any discounts.

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Employee benefits

(i) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(s) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(t) Borrowing costs

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) Borrowing costs *(continued)*

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(u) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

(v) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Taxation *(continued)*

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

(w) PRC land appreciation tax ("LAT")

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs, business taxes and all property development expenditures. LAT is recognised as an income tax expense. LAT paid is a deductible expense for PRC enterprise income tax purposes.

(x) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Impairment of financial assets

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

In addition, for trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(aa) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. KEY ESTIMATES

Key sources of estimation uncertainty

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

(i) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

As at 31 December 2015, accumulated impairment loss for bad and doubtful debts amounted to approximately RMB10,753,000 (2014: RMB10,368,000).

(ii) Depreciation and impairment loss for fixed assets

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's fixed assets. This estimate is based on the historical experience of the actual useful lives and residual values of fixed assets of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The Group makes impairment provision for fixed assets taking into account the Group's estimates of the recoverable amount from such properties. The recoverable amounts have been determined based on value-in-use calculations, taking into account the latest market information and past experience. These calculation and valuations require the use of judgement and estimates. Uncertainty exists in these estimations.

Given the volatility of the PRC property market, the actual recoverable amount may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

The carrying amount of fixed assets as at 31 December 2015 was approximately RMB2,640,860,000 (2014: RMB2,675,230,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(iii) Provision for completed properties held for sale and properties held for future development and under development for sale

The Group's completed properties held for sale and properties held for future development and under development for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for completed properties held for sale and properties held for future development and under development for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

The carrying amount of completed properties held for sale and properties held for future development and under development for sale as at 31 December 2015 were approximately RMB3,798,083,000 (2014: RMB6,867,434,000) and RMB9,320,070,000 (2014: RMB6,760,876,000) respectively.

(iv) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax asset to be recognised and hence the net profit in future years.

The carrying amount of deferred tax assets as at 31 December 2015 was approximately RMB160,947,000 (2014: RMB122,047,000).

(v) PRC Corporate Income Tax ("CIT") and PRC LAT

As explained in note 9(a), the Group is subject to PRC CIT and PRC LAT under audited taxation method. Significant judgement is required in determining the level of provision, as the calculations of which depend on the ultimate tax determination and are subject to uncertainty. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

The income tax provision of CIT and PRC LAT charged for the year ended 31 December 2015 were approximately RMB291,181,000 (2014: RMB240,380,000) and RMB423,266,000 (2014: RMB270,970,000) respectively.

5. KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(vi) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was RMB103,740,000 (2014: RMB223,476,000) after an impairment loss of RMB119,736,000 (2014: RMB43,719,000) was recognised during the year. Details of the impairment loss calculation are provided in note 16 to the consolidated financial statements.

(vii) Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on gross floor area.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

6. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are comprehensive development and paper packaging business.

Revenue represents the sales value of goods or services supplied to customers (net of value-added tax and business tax), including the sales of properties, rental income from investment properties, ticket sales from theme park and sales of paper cartons and products are as follows:

	2015 RMB'000	2014 RMB'000
Comprehensive development business	5,596,276	2,948,376
Paper packaging business	839,834	848,196
	6,436,110	3,796,572

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. REVENUE AND SEGMENT REPORTING *(continued)*

(a) Revenue *(continued)*

The Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenues in 2015.

Further details regarding the Group's principal activities are disclosed in note 6(b) to the consolidated financial statements.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the most senior executive management of the Group for the purposes of resource allocation and performance assessment, the Group has the following two reportable segments.

- Comprehensive development business: this segment engaged in the development and operation of tourism theme park, developed and sold residential properties, and development and management of properties.

- Paper packaging business: this segment engaged in the manufacture and sale of paper cartons and products.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the manufacturing and sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment result is "net profit". Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Expenses not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs, were allocated to each individual segment in proportion to its revenue.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

6. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

Information regarding the Group's reportable segments as provided to the most senior executive management of the Group for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below.

	Comprehensive development business		Paper packaging business		Total	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Revenue from external customers	5,596,276	2,948,376	839,834	848,196	6,436,110	3,796,572
Reportable segment net profit	254,911	307,594	18,131	18,434	273,042	326,028
Interest income	35,234	44,118	7,332	5,943	42,566	50,061
Interest expense	217,454	184,258	5,481	5,609	222,935	189,867
Depreciation and amortisation for the year	166,518	138,770	37,028	28,941	203,546	167,711
Share of profits/(losses) of associates	188,307	(13,217)	–	–	188,307	(13,217)
Income tax expense	693,289	451,026	11,442	6,711	704,731	457,737
Addition to segment non-current assets during the year	1,403,557	168,849	58,900	35,227	1,462,457	204,076
Reportable segment assets	19,945,887	19,769,285	2,133,637	2,088,725	22,079,524	21,858,010
Reportable segment liabilities	13,801,683	13,889,138	1,504,916	1,585,209	15,306,599	15,474,347
Investments in associates	394,588	155,611	–	–	394,588	155,611

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

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

	2015 RMB'000	2014 RMB'000
Revenue		
Reportable segment revenue	6,436,110	3,796,572
Elimination of inter segment revenue	–	–
Consolidated revenue	6,436,110	3,796,572
Profit		
Reportable segment profit	273,042	326,028
Elimination of inter segment profits	–	–
Reportable segment profit derived from Group's external customers	273,042	326,028
Consolidated net profit attributable to non-controlling interests	388,901	207,550
Consolidated net profit	661,943	533,578
Assets		
Reportable segment assets	22,079,524	21,858,010
Consolidated total assets	22,079,524	21,858,010
Liabilities		
Reportable segment liabilities	15,306,599	15,474,347
Consolidated total liabilities	15,306,599	15,474,347

(iii) Geographical information:

As at 31 December 2015, the Group's revenue from external customers and its non-current assets are located in the PRC (2014: the PRC).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. OTHER REVENUE AND NET (LOSSES)/GAINS

(a) Other revenue

	2015 RMB'000	2014 RMB'000
Interest income on:		
Bank deposits	**40,631**	16,128
Amount due from associates	**1,935**	33,933
Total interest income	**42,566**	50,061
Dividend income from unlisted equity investments	**632**	669
Government grants *(Note)*	**1,412**	124
Forfeiture income on receipts in advance on pre-sale of properties	**2,107**	4,833
	46,717	55,687

Note: Government grants mainly related to the subsidy received from the local government authority for the achievements of the Group.

(b) Other net (losses)/gains

	2015 RMB'000	2014 RMB'000
Net gain on disposal of fixed assets	**76**	432
Net exchange (losses)/gains	**(10,347)**	13,893
Others	**602**	848
	(9,669)	15,173

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

8. PROFIT BEFORE TAX

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

	2015 RMB'000	2014 RMB'000
(a) Finance costs:		
Interest on bank and other loans	170,189	78,133
Interest on related party loans	420,485	493,819
Total borrowing costs	590,674	571,952
Amount capitalised	(367,739)	(382,085)
	222,935	189,867

The weighted average capitalisation rate of funds borrowed generally is at a rate of 5.30% per annum (2014: 6.04% per annum).

	2015 RMB'000	2014 RMB'000
(b) Staff costs:		
Contributions to defined contribution retirement schemes *(note 27)*	17,358	11,924
Salaries, wages and other benefits	249,037	227,984
Equity-settled share-based payment expenses *(note 28)*	684	4,380
	267,079	244,288

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

8. PROFIT BEFORE TAX *(continued)*

	2015 RMB'000	2014 RMB'000
(c) Other items:		
Amortisation of intangible assets	**291**	192
Depreciation		
– investment property	**24,112**	23,685
– interests in leasehold land held for own use	**20,360**	20,289
– other assets	**158,783**	123,545
Impairment losses		
– goodwill	**119,736**	43,719
– trade and other receivables	**1,468**	1,858
Loss on write-off of fixed assets	**–**	32,966
Operating lease charges in respect of properties	**34,982**	22,381
Net exchange losses/(gains)	**10,347**	(13,893)
Auditors' remuneration		
– audit services	**1,446**	1,300
– other services	**399**	320
Rentals receivable from investment properties less direct outgoings of RMB24,860,000 (2014: RMB26,457,000)	**(26,176)**	(23,019)
Cost of inventories *(note 21(b))*	**4,413,701**	2,527,802
Reversal of allowance for trade and other receivables	**(1,083)**	(590)

Cost of inventories included RMB246,463,000 (2014: RMB235,447,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above.

The reversal of allowance for trade and other receivables made in prior years arose due to improvement in the repayment records of certain debtors.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

9. INCOME TAX EXPENSE

(a) Income tax has been recognised in profit or loss as following:

	2015 RMB'000	2014 RMB'000
Current tax		
– PRC CIT		
Charge for the year	291,181	240,380
Under/(over) provision in previous year	53,173	(31,540)
	344,354	208,840
– PRC LAT	423,266	270,970
	767,620	479,810
Deferred tax		
Origination and reversal of temporary differences *(note 29(a))*	(62,889)	(22,073)
	704,731	457,737

(i) CIT

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the year (2014: RMB Nil).

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the year (2014: RMB Nil).

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC at 25% (2014: 25%).

Additionally, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. According to the tax treaty between Hong Kong Special Administrative Region and PRC for avoidance of double taxation and prevention of tax evasion, dividends declared from PRC subsidiaries to Hong Kong holding companies are subject to 5% withholding income tax from 1 January 2008 and onwards.

9. INCOME TAX EXPENSE *(continued)*

(a) Taxation in the consolidated statement of profit or loss as following: *(continued)*

(ii) PRC LAT

PRC 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 lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of profit or loss as income tax. The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2015 RMB'000	2014 RMB'000
Profit before tax	**1,366,674**	991,315
Tax at the PRC CIT rate of 25%	**341,669**	247,829
Tax effect of non-deductible expenses	**96,334**	64,525
Tax effect of non-taxable income	**(50,538)**	(57,200)
Under/(over) provision in previous year	**53,173**	(31,540)
Tax effect of recognition of temporary difference not previously recognised	**(53,356)**	–
Temporary difference not included in deferred tax assets	**–**	30,896
PRC LAT	**423,266**	270,970
Tax effect of PRC LAT	**(105,817)**	(67,743)
Income tax expense	**704,731**	457,737

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

10. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	*(Note i)* Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Housing allowance RMB'000	RMB'000	Total RMB'000
Chairman:									
– Wang Xiaowen	-	-	-	-	-	-	-	-	-
Executive directors									
– Xie Mei	-	391	474	-	86	-	-	-	951
– Lin Kaihua *(note (ii))*	-	235	184	-	66	-	-	-	485
– Yang Jie *(note (iii))*	-	-	-	-	-	-	-	-	-
Non-executive director									
– Zhou Ping	-	-	-	-	-	-	-	-	-
Independent non-executive directors:									
– Wong Wai Ling	121	-	-	-	-	-	-	-	121
– Lam Sing Kwong Simon	121	-	-	-	-	-	-	-	121
– Lu Gong	144	-	-	-	-	-	-	-	144
Total for 2015	386	626	658	-	152	-	-	-	1,822

Certain comparative information of directors' emoluments for the year ended 31 December 2014 disclosed in accordance with the predecessor Hong Kong Companies Ordinance (Cap.32) have been restated in order to comply with the scope and requirements of the new Hong Kong Companies Ordinance (Cap.622).

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking							Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking	
	Fees RMB'000	Salaries RMB'000	Discretionary bonus RMB'000	*(Note i)* Estimated money value of other benefits RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Housing allowance RMB'000	RMB'000	Total RMB'000
Chairman:									
– Wang Xiaowen	-	-	-	-	-	-	-	-	-
Executive directors									
– Xie Mei	-	391	456	-	73	-	-	-	920
– Yang Jie *(note (iii))*	-	-	-	-	-	-	-	-	-
Non-executive director									
– Zhou Ping	-	-	-	-	-	-	-	-	-
Independent non-executive directors:									
– Wong Wai Ling	119	-	-	-	-	-	-	-	119
– Lam Sing Kwong Simon	119	-	-	-	-	-	-	-	119
– Lu Gong	143	-	-	-	-	-	-	-	143
Total for 2014	381	391	456	-	73	-	-	-	1,301

10. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' emoluments *(continued)*

(i) Estimated money values of other benefits include rent paid, share options, insurance premium, etc.
(ii) Appointed on 12 March 2015.
(iii) Resigned on 12 March 2015.

Neither the chief executive nor any of the directors waived any emoluments during the year (2014: RMB Nil).

(b) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in this annual report, no contract of significance in relation to the Group's business to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals in the Group during the year included Nil (2014: one) director whose emolument is reflected in the analysis presented in note 10 to the consolidated financial statements above. The emoluments of all the five highest paid individuals are set out below:

	2015 RMB'000	2014 RMB'000
Salaries and other emoluments	1,235	1,613
Discretionary bonuses	7,829	4,292
Retirement schemes contributions	574	470
Equity-settled share-based payment expenses	10	37
	9,648	6,412

The emoluments fell within the following bands:

	2015 Number of individuals	2014 Number of individuals
HK$1,000,001 – HK$1,500,000 (RMB805,001 – RMB1,207,500)	–	2
HK$1,500,001 – HK$2,000,000 (RMB1,207,501 – RMB1,610,000)	–	3
HK$2,000,001 – HK$2,500,000 (RMB1,610,001 – RMB2,012,500)	4	–
HK$3,000,001 – HK$3,500,000 (RMB2,415,001 – RMB2,817,500)	1	–

During the year, no emoluments (2014: RMB Nil) were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

12. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit for the year attributable to owners of the Company includes a profit of approximately RMB628,159,000 (2014: RMB125,140,000) which has been dealt with in the financial statements of the Company.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2015 RMB'000	2014 RMB'000
Earnings		
Earnings attributable to ordinary equity holders for the purpose of calculating basic earnings per share	257,675	319,233
Preference share dividends saving on conversion of convertible preference shares	15,367	6,795
Earnings attributable to ordinary equity holders for the purpose of calculating diluted earnings per share	273,042	326,028

	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	651,359,000	649,790,000
Effect of dilutive potential ordinary shares arising from convertible preference shares	96,000,000	96,000,000
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	747,359,000	745,790,000

There was no dilutive potential ordinary shares for the Company's share options (2014: Nil) during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

14. FIXED ASSETS

(a)

	Buildings RMB'000	Plant and machinery RMB'000	Construction in progress RMB'000	Motor vehicles RMB'000	Other property, plant and equipment RMB'000	Sub-total RMB'000	Investment property RMB'000	Interests in leasehold land held for own use RMB'000	Total fixed assets RMB'000
Cost:									
At 1 January 2014	983,694	743,274	175,331	37,431	161,362	2,101,092	649,265	731,703	3,482,060
Exchange adjustment	–	(3)	–	–	–	(3)	–	–	(3)
Additions	73,120	3,199	104,479	2,544	3,681	187,023	–	16,663	203,686
Disposals	–	(5,029)	–	(1,715)	(1,250)	(7,994)	–	–	(7,994)
Write off	–	–	(32,966)	–	–	(32,966)	–	–	(32,966)
Transfer from other property, plant and equipment	–	2,558	–	–	(2,558)	–	–	–	–
Transfer to inventories	–	–	–	–	–	–	(30,278)	–	(30,278)
At 31 December 2014 and 1 January 2015	1,056,814	743,999	246,844	38,260	161,235	2,247,152	618,987	748,366	3,614,505
Exchange adjustment	–	–	–	–	1	1	9,485	–	9,486
Additions	14,840	28,100	25,474	3,494	21,735	93,643	259,239	–	352,882
Disposals	–	(9,235)	–	(2,548)	(31,034)	(42,817)	–	–	(42,817)
Transfer from construction in progress	47,487	8,503	(56,121)	–	131	–	–	–	–
Transfer to inventories	–	–	(190,469)	–	–	(190,469)	–	–	(190,469)
At 31 December 2015	1,119,141	771,367	25,728	39,206	152,068	2,107,510	887,711	748,366	3,743,587
Accumulated depreciation and impairment loss:									
At 1 January 2014	155,664	357,801	2,924	24,655	96,954	637,998	70,570	70,321	778,889
Exchange adjustment	–	(3)	–	–	–	(3)	–	–	(3)
Charge for the year	42,841	62,701	–	4,132	13,871	123,545	23,685	20,289	167,519
Written back on disposal	(28)	(3,151)	–	(1,589)	(956)	(5,724)	–	–	(5,724)
Transfer from plant and machinery	–	(155)	–	138	17	–	–	–	–
Transfer to inventories	–	–	–	–	–	–	(1,406)	–	(1,406)
At 31 December 2014 and 1 January 2015	198,477	417,193	2,924	27,336	109,886	755,816	92,849	90,610	939,275
Exchange adjustment	–	–	–	–	–	–	135	–	135
Charge for the year	49,656	78,474	–	4,237	26,416	158,783	24,112	20,360	203,255
Written back on disposal	–	(4,942)	–	(2,275)	(29,797)	(37,014)	–	–	(37,014)
Transfer to inventories	–	–	(2,924)	–	–	(2,924)	–	–	(2,924)
At 31 December 2015	248,133	490,725	–	29,298	106,505	874,661	117,096	110,970	1,102,727
Carrying amount:									
At 31 December 2015	871,008	280,642	25,728	9,908	45,563	1,232,849	770,615	637,396	2,640,860
At 31 December 2014	858,337	326,806	243,920	10,924	51,349	1,491,336	526,138	657,756	2,675,230

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

14. FIXED ASSETS *(continued)*

(b) According to the State-owned Land Use Rights Grant Contract, leasehold land with carrying amount of RMB562,465,000 (2014: RMB580,806,000) located in the PRC of 成都天府華僑城實業有限公司 (Chengdu Tianfu OCT Industry Development Company Limited) ("Chengdu OCT") as at 31 December 2015 is non-transferable.

(c) Investment property

The Group leases out investment property. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. In respect of most of the lessees entered or would enter into a new lease for the same or an equivalent asset with the Group, the directors of the Company are of the opinion that operating lease contracts under investment properties, except those investment properties situated in Hong Kong, are cancellable, and no future minimum lease payments under non-cancellable operating leases were disclosed for these investment properties.

Investment properties in the PRC are located in Chengdu which is part of the Chengdu OCT project and mainly represented retail shops surrounding the theme park operated by Chengdu OCT. The management considered that there are no markets for comparable properties in the region and the variability in the range of reasonable fair value measurements is great and the probabilities of the various outcomes are difficult to assess, that the usefulness of a single estimate measure of fair value is negated. Base on the above, the management concludes that the fair value of the investment properties in the PRC will not be reliably measurable on a continuing basis.

As at 31 December 2015, the management determines that the fair value of the investment properties located in Hong Kong acquired in current year was approximately RMB242,962,000. Such fair vale measurement was categorised within Level 2 of the fair value hierarchy and was derived using the market comparable approach based on recent market prices as inputs without any significant adjustment being made to the market observable data.

At 31 December 2015, the carrying amount of investment properties pledged as security for the Group's bank loan amounted to approximately RMB238,827,000 (2014: RMB Nil).

Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

15. INTANGIBLE ASSETS

	Software and copyright RMB'000
Cost:	
At 1 January 2014	870
Additions	390
At 31 December 2014 and 1 January 2015	1,260
Additions	1,732
At 31 December 2015	2,992
Accumulated amortisation:	
At 1 January 2014	384
Charge for the year	192
At 31 December 2014 and 1 January 2015	576
Charge for the year	291
At 31 December 2015	867
Carrying amount:	
At 31 December 2015	2,125
At 31 December 2014	684

The average remaining amortisation period of software and copyright are 7 years (2014: 3 years).

16. GOODWILL

	RMB'000
Cost:	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	267,195
Accumulated impairment losses:	
At 1 January 2014	–
Impairment losses recognised for the year	43,719
At 31 December 2014 and 1 January 2015	43,719
Impairment losses recognised for the year	119,736
At 31 December 2015	163,455
Carrying amount:	
At 31 December 2015	103,740
At 31 December 2014	223,476

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

16. GOODWILL *(continued)*

Impairment test for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGU identified according to the operating segment as follows:

	Note	2015 RMB'000	2014 RMB'000
Paper packaging business			
Shanghai	(i)	1,012	1,012
Shenzhen and Huizhou	(i)	23,925	23,925
Comprehensive development business			
Chengdu	(ii)	78,233	197,969
Shanghai	(iii)	570	570
		103,740	223,476

(i) Shanghai, Shenzhen and Huizhou

The goodwill is mainly attributable to the skills and technical talent of Shanghai, Shenzhen and Huizhou work force, and the synergies expected to be achieved from integrating the companies into the Group's existing paper packaging business.

(ii) Chengdu

The goodwill is mainly attributable to the opportunities for increasing returns as the Chengdu OCT projects benefit from the rise in urban disposable income and tourism numbers in the Chengdu area, skills and technical talent of Chengdu OCT's work force, and the synergies expected to be achieved from integrating Chengdu OCT into the Group.

(iii) Shanghai

The goodwill is mainly attributable to the opportunities for increasing returns as 華僑城（上海）置地有限公司 (Overseas Chinese Town (Shanghai) Land Company Limited) ("OCT Shanghai Land") projects benefit from the rise in urban disposable income and tourism numbers in the Shanghai area, skills and technical talent of OCT Shanghai Land's work force, and the synergies expected to be achieved from integrating OCT Shanghai Land into the Group.

The recoverable amounts of the CGUs above are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the period are extrapolated using an estimated weighted average growth rate, which and the discount rates are presented as below. The estimated weighted average growth rate is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the businesses in which the CGU operates. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

16. GOODWILL *(continued)*

Impairment test for cash-generating units containing goodwill *(continued)*

	Discount rate		Terminal value growth rate	
	2015	2014	**2015**	2014
	%	%	**%**	%
Paper packaging business				
Shanghai, Shenzhen and Huizhou	**10.0**	10.0	**5.00**	5.00
Comprehensive development business				
Chengdu	**8.0**	12.0	**4.00**	5.00
Shanghai	**8.0**	10.0	**4.00**	5.00

At 31 December 2015, before impairment testing, goodwill of RMB241,688,000 was allocated to Chengdu within the comprehensive development business segment. As the development project proceeded as planned, the Group has revised its cash flow forecasts for this CGU. The CGU has been reduced to its recoverable amount of approximately RMB2.3 billion (2014: RMB2.4 billion) and an impairment loss of RMB119,736,000 (2014: RMB43,719,000) recognised on goodwill.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

17. INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries as at 31 December 2015 are as follows:

Name of company	Place of incorporation/ establishment and operation	Particular of registered, paid-up and issued capital	Percentage of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
深圳華力包裝貿易有限公司 (Shenzhen Huali Packing & Trading. Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$180,000,000	100%	–	100%	Manufacture and sale of paper boxes and products
上海華勵包裝有限公司 (Shanghai Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of RMB125,000,000	100%	–	100%	Manufacture and sale of paper boxes and products
中山華力包裝有限公司 (Zhongshan Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$88,000,000	100%	–	100%	Manufacture and sale of paper boxes and products
中山華勵包裝有限公司 (Zhongshan Huali Packing Co., Ltd.) *(note (i) & (ii))*	PRC	Registered capital of RMB618,746,300 Paid-up capital of RMB387,463,000	100%	–	100%	Manufacture and sale of paper boxes and products
安徽華力包裝有限公司 (Anhui Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$40,000,000	100%	–	100%	Manufacture and sale of paper boxes and products
深圳華友投資有限公司 (Shenzhen Huayou Investment Co., Ltd.") *(note (ii) &(iv))*	PRC	Paid-up capital of RMB3,000,000	100%	–	100%	Manufacture and sale of paper boxes and products
惠州華力包裝有限公司 (Huizhou Huali Packaging Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$168,000,000	100%	–	100%	Manufacture and sale of paper boxes and products

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment and operation	Particular of registered, paid-up and issued capital	Percentage of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
華勵包裝（惠州）有限公司 (Huali Packaging (Huizhou) Co., Ltd.) *(note (i) & (ii))*	PRC	Paid-up capital of HK$68,000,000	100%	–	100%	Manufacture and sale of paper boxes and products
Max Surplus Limited	British Virgin Islands ("BVI")	1 share of US$1 each	100%	100%	–	Investment holding
Forever Galaxies Limited	BVI	1 share of US$1 each	100%	100%	–	Investment holding
Fortune Crown International Limited	BVI	1 share of US$1 each	100%	–	100%	Investment holding
Miracle Stone Development Limited	BVI	1 share of US$1 each	100%	–	100%	Investment holding
Grand Signal Limited	BVI	1 share of US$1 each	100%	–	100%	Investment holding
Huali Holdings Company Limited	Hong Kong	1,000,000 shares	100%	–	100%	Trading
OCT Investments Limited	BVI	100 shares of US$1 each	100%	100%	–	Investment holding
Power Shiny Development Limited	Hong Kong	1 share	100%	–	100%	Investment holding
Bantix International Limited	Hong Kong	1 share	100%	–	100%	Investment holding
Wantex Investment Limited	Hong Kong	1 share	100%	–	100%	Investment holding
Barwin Development Limited	Hong Kong	1 share	100%	–	100%	Investment holding
Excel Founder Limited	Hong Kong	1 share	100%	–	100%	Investment holding
Hanmax Investment Limited	Hong Kong	100 shares	100%	–	100%	Investment holding
Great Tec Investment Limited	Hong Kong	1 share	100%	–	100%	Investment holding
Verdant Forever Limited	BVI	1 share of US$1 each	100%	100%	–	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

			Percentage of ownership interest			
Name of company	Place of incorporation/ establishment and operation	Particular of registered, paid-up and issued capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Regal China Enterprises Limited	Hong Kong	1 share	100%	–	100%	Investment holding
Capital Converge Holdings Limited	BVI	1 share of US$1 each	100%	100%	–	Investment holding
Honour Ray Limited	Hong Kong	1 share	100%	–	100%	Investment holding
華泰發展有限公司 Phoenix Ocean Developments Limited *(note (v))*	BVI	1 share of US$1 each	100%	100%	–	Investment holding
華昌國際有限公司 City Legend International Limited *(note (v))*	Hong Kong	1 share	100%	–	100%	Investment holding
成都天府華僑城萬匯商城管理有限公司 (Chengdu Tianfu OCT Wanhui Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Consulting and management of entertainment project
成都天府華僑城公園廣場管理有限公司 (Chengdu Tianfu OCT Park Plaza Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Consulting and management of entertainment project
成都天府華僑城創展商業管理有限公司 (Chengdu Tianfu OCT Chuangzhan Business District Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Consulting and management of entertainment project
成都天府華僑城商業廣場區管理有限公司 (Chengdu Tianfu OCT Commercial Plaza Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Consulting and management of entertainment project
成都天府華僑城大劇院管理有限公司 (Chengdu Tianfu OCT Theater Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Venue rental, management of entertainment project

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment and operation	Particular of registered, paid-up and issued capital	Percentage of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
成都天府華僑城湖濱商業管理有限公司 (Chengdu Tianfu OCT Lakeside Business Management Co. Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Consulting and management of entertainment project
成都天府華僑城純水岸商業管理有限公司 (Chengdu Tianfu OCT Riverside Business Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Consulting and management of entertainment project
成都天府華僑城都市娛樂有限公司 (Chengdu Tianfu OCT Urban Entertainment Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Consulting and management of entertainment project
成都天府華僑城酒店管理有限公司 (Chengdu Tianfu OCT Hotel Management Co., Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Hotel management of entertainment project
Chengdu OCT *(Note (iv))*	PRC	Paid-up capital of RMB1,500,000,000	51%	–	51%	Tourism and real estate development
成都華僑城創盈企業管理有限公司 (Chengdu OCT Chuang Ying Enterprise Management Company Limited) ("Chengdu Chuang Ying") *(note (ii) & (iii))*	PRC	Paid-up capital of RMB10,000,000	51%	–	51%	Investment holding
成都市華鑫環城實業有限公司 (Chengdu Shi Hua Qi City Enterprises Co. Ltd.) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB100,000,000	40.80%	–	51%	Project investment
OCT Shanghai Land *(note (iv))*	PRC	Paid-up capital of RMB3,030,000,000	50.50%	–	50.50%	Real estate development
深圳市華京投資有限公司 (Shenzhen Huajing Investment Limited) *(note (ii) & (iii))*	PRC	Paid-up capital of RMB1,000,000	100%	–	100%	Investment holding and real estate development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

			Percentage of ownership interest			
Name of company	Place of incorporation/ establishment and operation	Particular of registered, paid-up and issued capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
蘇州華力環保包裝科技有限公司 (Suzhou Huali Environmental Packaging Technology Co., Ltd") *(note (i) & (ii))*	PRC	Paid-up capital of US$22,000,000	100%	–	100%	Not yet commence business
重慶華僑城置地有限公司 (Chongqing OCT Real Estate Limited) *(note (i) & (ii))*	PRC	Paid-up capital of US$200,000,000	100%	–	100%	Not yet commence business
西安華僑城置地有限公司 (Xi'an OCT Real Estate Limited) ("Xi'an OCT Land") *(note (i), (ii) & (v))*	PRC	Paid-up capital of RMB800,000,000	100%	–	100%	Not yet commence business

Notes:

(i) These companies are wholly foreign-owned enterprises established in the PRC.

(ii) The English translation of the above subsidiaries' names is for reference only. The official name of these companies is in Chinese.

(iii) These companies are limited companies established in the PRC.

(iv) The company is a sino-foreign joint venture with limited liability established in the PRC.

(v) These companies were incorporated as wholly owned subsidiaries during the year.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

17. INVESTMENTS IN SUBSIDIARIES *(continued)*

The following table shows information on the subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Chengdu OCT		OCT Shanghai Land	
	2015	2014	**2015**	2014
Principal place of business	PRC		PRC	
% of ownership interests/voting rights held by NCI	**49%/49%**	49%/49%	**49.5%/49.5%**	49.5%/49.5%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**2,525,371**	2,520,021	**12,384**	5,643
Current assets	**3,143,986**	2,749,288	**11,228,535**	11,890,735
Non-current liabilities	**(1,156,065)**	(800,000)	**(4,330,680)**	(5,780,700)
Current liabilities	**(1,874,206)**	(2,614,334)	**(2,590,732)**	(1,778,380)
Net assets	**2,639,086**	1,854,975	**4,319,507**	4,337,298
Accumulated NCI	**1,303,976**	913,144	**2,433,094**	2,472,462
Year ended 31 December:				
Revenue	**2,286,943**	1,896,890	**3,309,333**	1,051,486
Profit	**344,734**	313,754	**512,824**	151,605
Total comprehensive income	**344,734**	313,754	**512,824**	151,605
Profit allocated to NCI	**165,614**	144,746	**223,287**	62,804
Dividends paid to NCI	**39,783**	118,664	**262,654**	70,057
Net cash generated from/(used in) operating activities	**515,464**	(103,199)	**3,075,359**	(300,483)
Net cash used in investing activities	**(1,257,308)**	(186,806)	**(83)**	(254)
Net cash generated from/(used in) financing activities	**369,248**	234,922	**(2,449,122)**	230,396
Net (decrease)/increase in cash and cash equivalents	**(372,596)**	(55,083)	**626,154**	(70,341)

As at 31 December 2015, the bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to RMB2,474,049,000 (2014: RMB1,954,033,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

18. INVESTMENTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Unlisted investments:		
Share of net assets	384,208	155,611
Goodwill	10,380	–
	394,588	155,611

Details of the Group's associates at 31 December 2015 are as follows:

Name of associate	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
西安華僑城實業有限公司 (Xi'an OCT Investment Ltd.) ("Xi'an OCT")	PRC	RMB200,000,000	25%	–	25%	Property investment and property development for sale or lease
北京廣盈房地產開發有限公司 (Beijing Guangying Residential Property Development Limited) ("Beijing Guangying")	PRC	RMB15,151,600	33%	–	33%	Property management, interior design and construction, property development, leasing of commercial premises and project investment
成都文化旅遊發展股份有限公司 (Chengdu Culture & Tourism Development Company Limited) ("CDCT Development")	PRC	RMB75,000,000	17%	–	33.33%	Tourism

The following table shows information on the associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associates.

18. INVESTMENTS IN ASSOCIATES *(continued)*

Name	Xi'an OCT		Beijing Guangying		CDCT Development
	2015	2014	**2015**	2014	**2015**
Principal place of business	PRC		PRC		PRC
Principal activities	Property investment and property development for sale or lease		Property management, interior design and construction, property development, leasing of commercial premises and project investment		Tourism
% of ownership interests/voting rights held by the Group	25%/25%		33%/33%		33.33%/ 33.33%
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**
At 31 December:					
Non-current assets	**13,919**	13,670	**38,261**	770	**586,491**
Current assets	**960,055**	1,129,471	**5,292,569**	4,747,483	**219,377**
Non-current liabilities	**–**	–	**(19,061)**	(30,460)	**(24,336)**
Current liabilities	**(625,013)**	(601,880)	**(5,179,770)**	(4,656,289)	**(21,231)**
Net assets	**348,961**	541,261	**131,999**	61,504	**760,301**
Group's share of net assets	**87,240**	135,315	**43,560**	20,296	**253,408**
Goodwill	**–**	–	**–**	–	**10,380**
Group's share of carrying amount of interests	**87,240**	135,315	**43,560**	20,296	**263,788**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

18. INVESTMENTS IN ASSOCIATES *(continued)*

	For the year ended 31 December				For the period from 1 June 2015 to 31 December 2015
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	RMB'000
Revenue	345,901	203,136	3,134,715	–	46,229
Profit/(loss)	6,020	22,904	570,495	(57,406)	(4,386)
Other comprehensive income	–	–	–	–	–
Total comprehensive income	6,020	22,904	570,495	(57,406)	(4,386)
Dividends received/receivable from associates	49,580	17,471	165,000	–	–
Group's share of profit/(loss)	1,505	5,727	188,264	(18,944)	(1,462)

As at 31 December 2015, the bank and cash balances of the Group' associates in the PRC denominated in RMB amounted to RMB1,334,411,000 (2014: RMB1,043,959,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

19. OTHER FINANCIAL ASSETS

	2015 RMB'000	2014 RMB'000
Unlisted equity securities, at cost – in the PRC	4,320	4,320

Unlisted equity securities was classified as available-for-sale financial assets and was stated at cost as they do not have a quoted market price in active market and whose fair value cannot be reliably measured was at the end of each reporting period.

The unlisted equity securities was denominated in RMB.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

20. OTHER LONG-TERM DEPOSITS

	2015 RMB'000	2014 RMB'000
Deposits paid for:		
– acquisition of long-term assets *(note 1)*	310,000	–
– acquisition of an associate *(note 2)*	797,843	–
	1,107,843	–

Notes:

(1) On 9 October 2015, a wholly-owned subsidiary of the Company entered into agreements to purchase certain commercial properties situated at Xi'an, the PRC, for a total maximum consideration of approximately RMB1,590,364,000. A circular related to the transaction has been published by the Company on 25 November 2015.

As at 31 December 2015, RMB310,000,000 has been paid by the Group according to the payment terms of the agreements.

(2) On 25 December 2015, Chengdu Chuang Ying entered into an equity interest transfer and subscription agreement with 成都文化旅遊發展集團有限責任公司(Chengdu Culture & Tourism Development Group Limited Liability Company) ("Chengdu Culture & Tourism"), and 成都體育產業有限責任公司(Chengdu Sports Industry Co., Ltd.) ("CSI Company"), for the acquisition of the 15% equity interests held in CSI Company by Chengdu Culture & Tourism and the capital injection of RMB651,300,000 into CSI Company at the total consideration of RMB797,842,500. Upon completion, CSI Company will be owned as to 49% by Chengdu Chuang Ying and 51% by Chengdu Culture & Tourism. As at the end of reporting period, the consideration has been fully paid according to the terms of the agreement. A circular related to the transaction has been published by the Company on 22 January 2016.

The transaction was completed on 14 January 2016.

The carrying amounts of other long-term deposits are denominated in RMB.

21. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2015 RMB'000	2014 RMB'000
Paper packaging business		
Raw materials	41,261	51,220
Work-in-progress	1,111	3,134
Finished goods	22,563	16,646
	64,935	71,000
Comprehensive development business		
Properties held for future development and under development for sale	9,320,070	6,760,876
Completed properties held for sale	3,798,083	6,867,434
	13,118,153	13,628,310
	13,183,088	13,699,310

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

21. INVENTORIES *(continued)*

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2015 RMB'000	2014 RMB'000
Carrying amount of inventories sold	**4,414,518**	2,527,372
Write down of inventories	**933**	1,377
Reversal of write-down of inventories	**(1,750)**	(947)
	4,413,701	2,527,802

The reversal of write-down of inventories made in prior years arose due to an increase of the estimated net realisable value of certain goods as a result of a change in consumer preferences.

(c) The amount of properties held for future development and under development expected to be recovered after more than one year is RMB2,600,103,000 (2014: RMB2,187,921,000). All of the other inventories are expected to be recovered within one year.

(d) As at 31 December 2015, the carrying amount of completed properties held for sale that are under floating charge for banking facilities granted to a subsidiary of the Group amounted to approximately RMB242,460,000 (2014: RMB1,925,165,000). According to the floating charge agreement, if the subsidiary does not breach the terms of the agreement, such floating charge arrangement would allow the subsidiary to sell those completed properties held for sale under its normal operating activities at reasonable consideration.

As at 31 December 2015, the carrying amount of properties held for future development and under development for sales pledged as security for banking facilities granted to a subsidiary of the Group amounted to approximately RMB633,161,000 (2014: RMB Nil).

22. TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables and bills receivable:		
Amounts due from fellow subsidiaries *(note 34(b))*	**20,548**	12,530
Amounts due from third parties	**260,632**	279,311
Less: allowance for doubtful debts	**(10,753)**	(10,368)
	270,427	281,473
Prepayments, deposits and other receivables:		
Amounts due from fellow subsidiaries *(note 34(b))*	**6,448**	4,648
Amounts due from associates *(note 34(b))*	**83,459**	191,696
Amount due from an intermediate parent *(note 34(b))*	**1,197**	1,197
Amounts due from third parties	**746,326**	734,400
	837,430	931,941
	1,107,857	1,213,414

22. TRADE AND OTHER RECEIVABLES *(continued)*

The amounts due from an intermediate parent and fellow subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

Included in amount due from third parties of prepayments, deposits and other receivable, an amount of RMB300,000,000 being the advance by the Group to 成都市鑫金農發投資有限公司 (Chengdu Xi Jin Nong Fa Investments Co., Ltd.) related to the Shaheyuan project which is interest bearing at the People's Bank of China benchmark interest rate for financial institutions for RMB-denominated loans with a term of one year plus 10% investment return and repayable according to the schedule for the sales of the corresponding land. The amount was fully repaid as at 26 January 2016 and 25 February 2016. An announcement related to the transaction has been published by the Company on 16 October 2014.

Other than this, the Group has advanced RMB300,000,000 to 成都市鑫金工發投資有限公司 (Chengdu Shi Xinjin Gongfa Investment Company Limited) related to the land resumption project which is interest bearing at the People's Bank of China benchmark interest rate for financial institutions for RMB-denominated loans with a term of one year plus 10% investment return (total rate should not exceed 16% per annum) and repayable according to the schedule for the sales of the corresponding land. The corresponding land was sold on 3 February 2016. The amount was fully repaid as at 29 February 2016. An announcement related to the transaction has been published by the Company on 17 June 2014.

Apart from rental deposits of RMB13,607,000 (2014: RMB16,867,000) which are expected to be recovered after one year, all of the trade and other receivables, net of impairment losses for bad and doubtful debts, are expected to be recovered within one year.

(a) Ageing analysis

Included in trade and other receivables are trade and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period.

	2015 RMB'000	2014 RMB'000
Current	259,291	261,760
Less than 3 months past due	7,861	14,864
More than 3 months but less than 12 months past due	2,022	4,560
More than 12 months past due	1,253	289
Amount past due	11,136	19,713
	270,427	281,473

Further details on the Group's credit policy are set out in note 31(a) to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

22. TRADE AND OTHER RECEIVABLES *(continued)*

(b) The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
Hong Kong dollars	**12,670**	19,481
US dollars	**1,498**	4,981
RMB	**1,093,689**	1,188,952
Total	**1,107,857**	1,213,414

(c) Allowance for doubtful debts of trade receivables

Allowance for doubtful debts in respect of trade receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the doubtful debt is written off against trade receivable directly.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**10,368**	9,100
Allowance for the year	**1,468**	1,858
Reversal of allowance	**(1,083)**	(590)
At 31 December	**10,753**	10,368

(d) Trade receivable and bills receivable that are not impaired

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

23. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise

	2015 RMB'000	2014 RMB'000
Cash at banks and in hand	**3,329,537**	3,700,702
Cash at bank restricted for secure the issuance of bills payable	**44,619**	63,216
	3,374,156	3,763,918

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

23. CASH AND CASH EQUIVALENTS *(continued)*

(b) The carrying amounts of the Group's cash and cash equivalents are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	2,637,444	3,122,305
Hong Kong dollar	649,445	277,121
US dollars	87,267	364,492
	3,374,156	3,763,918

(c) As at 31 December 2015, the bank and cash balances of the Group denominated in RMB amounted to RMB2,637,444,000 (2014: RMB3,122,305,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

(d) Reconciliation of profit before tax to cash generated from operations:

	Note	2015 RMB'000	2014 RMB'000
Profit before tax		1,366,674	991,315
Adjustments for:			
Depreciation and amortisation	8(c)	203,546	167,711
Interest income	7(a)	(42,566)	(50,061)
Net gain on disposal of fixed assets	7(b)	(76)	(432)
Loss on write off of fixed assets		–	32,966
Gain on disposal of a subsidiary		–	(335,785)
Dividend income from unlisted equity investments		(632)	(669)
Interest expense	8(a)	222,935	189,867
Allowance for trade and other receivables		1,468	1,858
Reversal of allowance for trade and other receivables		(1,083)	(590)
Impairment losses on goodwill		119,736	43,719
Share of (profits)/losses of associates		(188,307)	13,217
Equity-settled share-based payment expenses	28	684	4,380
Operating profit before working capital changes		1,682,379	1,057,496
Decrease in inventories		1,071,506	189,761
Decrease in trade and other receivables		154,752	16,135
Decrease in receipts in advance		(115,021)	(96,831)
Increase in trade and other payables		546,535	70,833
Cash generated from operations		3,340,151	1,237,394

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

24. TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables and bills payables: *(note 24(a))*		
Amounts due to fellow subsidiaries *(note 34 (b))*	**4,820**	7,465
Amounts due to third parties	**1,018,533**	804,531
	1,023,353	811,996
Other payables and accruals:		
Amounts due to ultimate parent *(note 34(b))*	**4**	–
Amounts due to intermediate parents *(note 34 (b))*	**212,920**	220,564
Amounts due to fellow subsidiaries *(note 34 (b))*	**27,169**	233,451
Amounts due to an associate *(note 34(b))*	**379,500**	–
Amounts due to third parties	**1,269,211**	1,099,611
	2,912,157	2,365,622

(a) The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in note 31 to the consolidated financial statements.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Due within 3 months or on demand	**1,023,353**	811,996

(b) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
Hong Kong dollars	**183,888**	10,415
US dollars	**26,565**	2,178
RMB	**2,701,704**	2,353,029
Total	**2,912,157**	2,365,622

(c) Chengdu OCT received advances amounting to RMB550,000,000 for construction of infrastructure facilities in previous years. As at 31 December 2015, the balance of the advances received deducting the carrying amount of the related infrastructure facilities was RMB196,036,000 (2014: RMB198,400,000), which was included in other payables.

25. RECEIPTS IN ADVANCE

	2015 RMB'000	2014 RMB'000
Pre-sale of properties	603,473	710,337
Others	1,787	9,944
	605,260	720,281

26. BORROWINGS

	2015 RMB'000	2014 RMB'000
Current liabilities		
Current portion of bank loans	1,223,185	425,627
Non-current portion of bank loans repayable on demand	89,954	52,208
Loans from related parties *(note 34 (b))*	1,373,752	1,301,393
	2,686,891	1,779,228
Non-current liabilities		
Bank and other loans	2,817,516	3,044,400
Loans from related parties *(note 34 (b))*	5,283,346	6,661,154
	8,100,862	9,705,554

At 31 December, the borrowings were repayable as follows:

Bank and other loans

	2015 RMB'000	2014 RMB'000
Within 1 year or on demand	1,223,185	425,627
After 1 year but within 2 years	2,141,960	1,510,902
After 2 years but within 5 years	372,671	1,585,706
After 5 years	392,839	–
	2,907,470	3,096,608
	4,130,655	3,522,235

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

26. BORROWINGS *(continued)*

Related party loans

	2015 RMB'000	2014 RMB'000
Within 1 year or on demand	1,373,752	1,301,393
After 1 year but within 2 years	1,363,923	–
After 2 years but within 5 years	3,919,423	6,661,154
	5,283,346	6,661,154
	6,657,098	7,962,547

The above amounts due are based on the scheduled repayment dates set out in the loan agreements and ignored the effect of any repayment on demand clause.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	6,700,680	8,228,194
Hong Kong dollars	2,970,563	2,115,531
US dollars	1,116,510	1,141,057
	10,787,753	11,484,782

The average interest rates at 31 December were as follows:

	2015	2014
Bank loans	1 month HIBOR* + 1.90% to 6.64%	1 month HIBOR* +1.50% to 6.64%
Other loans	6.38%	6.56%
Related party loans	2.10% to 5.25%	3.62% to 6.25%

* Hong Kong Interbank Offer Rate

26. BORROWINGS *(continued)*

Related party loans are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The bank and other loans of the Group at 31 December 2015 were secured by charge on two bank accounts of a subsidiary of the Company, pledge of certain investment properties of a subsidiary of the Company, floating charge on certain inventories classified as properties held for future development and under development for sale and completed properties held for sale and guarantees provided by the Company, certain subsidiaries and intermediate parents of the Company. Except for the above, the Group did not have secured or guaranteed bank loans at 31 December 2015.

All of the Group's banking facilities are subject to the fulfillment of covenants relating to certain of the Group's consolidated statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 31(b) to the consolidated financial statements.

27. EMPLOYEE RETIREMENT BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities in Shenzhen, Zhongshan, Huizhou, Shanghai, Chongqing, Anhui, Xi'an and Chengdu where the Group is required to make contributions to the Schemes at a rate ranging from 11% to 22% (2014: 11% to 22%) of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group also operates a mandatory provident fund scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contribution to the MPF scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

28. EQUITY SETTLED SHARE-BASED TRANSACTION

Share options granted on 3 March 2011

The Company operates a share option scheme (the "Scheme") for the purpose of providing appropriate incentives and rewards to eligible participants for their contributions or potential contributions to the Group. Eligible participants include the full-time and part-time employees, directors, consultants and advisers of the Group. The Scheme adopted by the Company on 15 February 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of the offer of the share options.

The exercise price of the share options is determinable by the directors, but shall be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's quotation sheet on the date of the offer of the share options; (ii) the average of the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Options are forfeited if the employee ceases to be an employee of the Group.

28. EQUITY SETTLED SHARE-BASED TRANSACTION *(continued)*

Share options granted on 3 March 2011 *(continued)*

On 3 March 2011, 2,700,000 and 27,400,000 share options were granted to directors and employees of the Group respectively under the Scheme. Each option gives the holder the right to subscribe for one ordinary share of HK$0.1 each of the Company which will be settled by physical delivery of shares. The share options shall be exercisable during a period of 5 years from the date of acceptance of the offer of the grant up to 5 years from the date of grant subject to the following vesting terms.

Maximum percentage of share options exercisable including the percentage of share options previously exercised	Period for exercise of the relevant percentage of the share options
30%	at any time after the expiry of 2 years from the date of grant up to 3 years from the date of grant
60%	at any time after the expiry of 3 years from the date of grant up to 4 years from the date of grant
100%	at any time after the expiry of 4 years from the date of grant up to 5 years from the date of grant

The exercise price of the option granted on 3 March 2011 is HK$4.04.

The number and weighted average exercise prices of share options are follows:

	2015		2014	
	Weighted average exercise price per share HK$	Number of options '000	Weighted average exercise price per share HK$	Number of options '000
Outstanding at the beginning of the year	4.04	29,700	4.04	29,700
Exercise during the year	4.04	(2,576)	–	–
Lapsed during the year	4.04	(700)	–	–
Outstanding at the end of the year	4.04	26,424	4.04	29,700
Exercisable at the end of the year	4.04	26,424	4.04	17,820

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

28. EQUITY SETTLED SHARE-BASED TRANSACTION *(continued)*

Share options granted on 3 March 2011 *(continued)*

The fair value of services received in return for share options granted above are measured by reference to the fair value of share options granted. The estimate of the fair value of the service received is measured based on Black-Scholes option pricing model.

Inputs for measurement of grant date fair values

The following inputs were used in the measurement of the fair values at grant date of the share-based payment plan on 3 March 2011.

Expected vesting date	3 March 2013	3 March 2014	3 March 2015
Fair value at grant date	1.04	1.51	1.71
Share price at grant date	4.04	4.04	4.04
Exercise price	4.04	4.04	4.04
Expected volatility	46.76%	56.81%	55.71%
Option life	2 years	3 years	4 years
Expected dividends	0.74%	0.74%	0.74%
Risk-free interest rate	0.69%	1.06%	1.51%

Expected volatility is estimated taking into account historic average share price volatility. Expected dividends are based on management's best estimation. The risk-free rate is referenced to the yields of Hong Kong Exchange Fund Notes. Changes in the subjective input assumptions could materially affect the fair value estimate. There was no market conditions associated with the share option granted on 3 March 2011.

The total expense recognised for the year ended 31 December 2014 and 2015 arising from the share option granted on 3 March 2011 was RMB4,380,000 and RMB684,000 respectively.

29. DEFERRED TAX ASSETS/(LIABILITIES)

(a) Deferred tax assets and (liabilities) recognised:

(i) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accounting depreciation in excess of depreciation allowances RMB'000	Allowances RMB'000	Accrued expenses RMB'000	Unrealised profit RMB'000	Tax losses RMB'000	Receipts in advance of pre-sale of properties RMB'000	Undistributed profits of subsidiaries and associates RMB'000	Fair value adjustment of inventories RMB'000	Total RMB'000
Deferred tax arising from:									
At 1 January 2014	1,767	5,136	76,456	357	5,536	25,327	(21,232)	(252,310)	(158,963)
(Charged)/credited to profit or loss	(249)	256	(30,047)	38,923	464	(1,879)	(2,393)	16,998	22,073
At 31 December 2014	1,518	5,392	46,409	39,280	6,000	23,448	(23,625)	(235,312)	(136,890)
Deferred tax arising from:									
At 1 January 2015	1,518	5,392	46,409	39,280	6,000	23,448	(23,625)	(235,312)	(136,890)
Credited/(charged) to profit or loss	715	198	64,209	346	(3,560)	(23,008)	-	23,989	62,889
At 31 December 2015	2,233	5,590	110,618	39,626	2,440	440	(23,625)	(211,323)	(74,001)

(ii) Reconciliation to the consolidated statement of financial position

	2015 RMB'000	2014 RMB'000
Net deferred tax asset recognised in the consolidated statement of financial position	160,947	122,047
Net deferred tax liability recognised in the consolidated statement of financial position	(234,948)	(258,937)
	(74,001)	(136,890)

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 4(v) to the consolidated financial statements, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB8,336,000 (2014: RMB8,336,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. These tax losses may be carried forward indefinitely under current tax regulations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

30. STATEMENT OF FINANCIAL POSITION, CAPITAL, RESERVES AND DIVIDENDS

(a) Statement of financial position of the Company

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Fixed assets		20	56
Investments in subsidiaries		417,898	417,332
		417,918	417,388
Current assets			
Other receivables		6,136,638	4,555,948
Cash and cash equivalents		674,302	528,174
		6,810,940	5,084,122
Current liabilities			
Other payables		311,911	265,302
Bank loans		1,135,438	329,484
Related party loans		773,752	–
		2,221,101	594,786
Net current assets		4,589,839	4,489,336
Total assets less current liabilities		5,007,757	4,906,724
Non-current liabilities			
Bank loans		1,217,536	2,044,401
Related party loans		1,288,723	900,000
		2,506,259	2,944,401
NET ASSETS		2,501,498	1,962,323
CAPITAL AND RESERVES			
Share capital	30(d)	67,337	67,134
Reserves	30(b)	2,434,161	1,895,189
TOTAL EQUITY		2,501,498	1,962,323

Approved by the Board of Directors on 16 March 2016 and are signed on its behalf by:

Wang Xiaowen
Director

Xie Mei
Director

30. STATEMENT OF FINANCIAL POSITION, CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2014		1,488,117	248,970	28,146	48,422	1,813,655
Transfer		(1,460,000)	–	–	1,460,000	–
Equity settled share-based transactions	28	–	–	4,380	–	4,380
Profit for the year	12	–	–	–	125,140	125,140
Dividend approved and paid in respect of the previous year	30(c)	–	–	–	(47,986)	(47,986)
At 31 December 2014		28,117	248,970	32,526	1,585,576	1,895,189
At 1 January 2015		**28,117**	**248,970**	**32,526**	**1,585,576**	**1,895,189**
Share issued under share option scheme		**8,767**	**–**	**(761)**	**–**	**8,006**
Equity settled share-based transactions	28	**–**	**–**	**684**	**–**	**684**
Profit for the year	12	**–**	**–**	**–**	**628,159**	**628,159**
Dividend approved and paid in respect of the previous year	30(c)	**–**	**–**	**–**	**(97,877)**	**(97,877)**
At 31 December 2015		**36,884**	**248,970**	**32,449**	**2,115,858**	**2,434,161**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

30. STATEMENT OF FINANCIAL POSITION, CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(c) Dividends

(i) Dividends payable to owners of the Company attributable to the year:

	2015 RMB'000	2014 RMB'000
Final dividend proposed after the end of the reporting period of HK14.00 cents per ordinary share (equivalent RMB11.73 cents per ordinary share) (2014: HK16.00 cents per ordinary share (equivalent RMB12.62 cents per ordinary share))	76,522	82,003
Final dividend proposed after the end of the reporting period of HK20.25 cents per convertible preference share (equivalent RMB16.97 cents per convertible preference share) (2014: HK20.25 cents per convertible preference share (equivalent RMB15.98 cents per convertible preference share))	16,291	15,341
	92,813	97,344

(ii) Dividends payables to owners of the Company attributable to the previous financial year, approved and paid during the year:

	2015 RMB'000	2014 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK16.00 cents per ordinary share (equivalent RMB12.65 cents per ordinary share) (2014: HK8.00 cents per ordinary share (equivalent RMB6.34 cents per ordinary share))	82,510	41,191
Final dividend in respect of the previous financial year, approved and paid during the year, of HK20.25 cents per convertible preference share (equivalent RMB16.01 cents per convertible preference share) (2014: HK8.93 cents per convertible preference share (equivalent RMB7.08 cents per convertible preference share))	15,367	6,795
	97,877	47,986

30. STATEMENT OF FINANCIAL POSITION, CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Share capital

Authorised and issued share capital

Authorised:

	2015			2014		
	Convertible preference shares of HK$0.1 each No. of shares '000 *(note (1))*	Ordinary shares of HK$0.1 each No. of shares '000	Share capital HK$'000	Convertible preference shares of HK$0.1 each No. of shares '000 *(note (1))*	Ordinary shares of HK$0.1 each No. of shares '000	Share capital HK$'000
At 1 January and 31 December	96,000	2,000,000	209,600	96,000	2,000,000	209,600

Issued and fully paid:

	2015			2014		
	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital RMB'000	Convertible preference shares of HK$0.1 each No. of shares '000	Ordinary shares of HK$0.1 each No. of shares '000	Share capital RMB'000
At 1 January	96,000	649,790	67,134	96,000	649,790	67,134
Shares issued under share option scheme *(note (2))*	–	2,576	203	–	–	–
At 31 December	96,000	652,366	67,337	96,000	649,790	67,134

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

30. STATEMENT OF FINANCIAL POSITION, CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Share capital *(continued)*

Notes:

(1) By an ordinary resolution passed in the special general meeting held on 19 July 2013 the authorised share capital of the Company was increased from HK$200,000,000 to HK$209,600,000 by the creation of 96,000,000 convertible preference shares of HK$0.1 each ("CPS"), such new shares are non-voting shares and shall not carry any right or preference save as set out herein the Articles of Association of the Company.

According to the terms of the CPS, the CPS shall be non-redeemable, each CPS holder is entitled to a preferential dividend at a rate of 5 per cent per annum on HK$4.05, being the price at which each CPS would be initially issued ("the Preferential Dividend") pari passu with other shares ranking pari passu as regards income with the CPS but otherwise in priority to any other class of shares in the capital of the Company from time to time in issue (including the ordinary shares of the Company). The board of directors of the Company may, in its sole discretion, elect not to pay any Preferential Dividend in any given year. In the event that the Company elects not pay the Preferential Dividend in any given year, the Preferential Dividend not paid shall be extinguished and not be carried forward. The CPS shall not entitle the shareholders of the CPS thereof to any further or other right of participation in the profits of the Company.

During the period of existence of the CPS, subject to some conversion restriction, each holder of the CPS shall have the right to convert all or part of any CPSs into new ordinary shares at any time at the initial conversion price of HK$4.05 per CPS.

(2) During the year, 2,576,000 share options of the Company at par value of HK$0.1 were exercised at exercise price of HK$4.04 per shares. The excess of the exercise price over the par value of the share issued has been credited to the share premium account of the Company.

(e) Nature and purpose of reserves

(i) Share premium and contributed surplus

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account and the contributed surplus account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

The excess of the issued price net of any issuance expenses over the par value of the shares issued has been credited to the share premium account of the Company.

30. STATEMENT OF FINANCIAL POSITION, CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(e) Nature and purpose of reserves *(continued)*

(ii) Merger reserve

Merger reserve arose from the recognition of the remaining goodwill arising on the original acquisition of the subsidiaries as recorded in the controlling party's financial statements in the consolidated financial statements.

(iii) Capital reserve

Capital reserve comprises the following:

– difference between the total amount of registered capital and the amount of contributions from the owners of a subsidiary; and

– the portion of the grant date fair value of unexercised share options granted to employees, directors and consultants of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 4(s) to the consolidated financial statements.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

(v) General reserve fund

Transfers from retained earnings to general reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and were approved by the respective boards of directors.

The subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to general reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this fund must be made before distribution of dividends to the owners.

General reserve fund can be used to make good previous years' losses, if any, and may be converted into paid up capital provided that the balance of the general reserve fund after such conversion is not less than 25% of the registered capital.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

30. STATEMENT OF FINANCIAL POSITION, CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(e) Nature and purpose of reserves *(continued)*

(vi) Enterprise expansion fund

The subsidiaries in the PRC are required to transfer a certain percentage of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the enterprise expansion fund. The percentage of this appropriation is decided by the directors of the subsidiaries.

The enterprise expansion fund can be used for the subsidiaries' business development purposes and for working capital purposes. This fund can also be used to increase capital of the subsidiaries, if approved. This fund is non-distributable other than upon liquidation. Transfers to this fund must be made before distribution of dividends to the owners.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt to capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings and trade and other payables) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During 2015, the Group's strategy, which was unchanged from 2014 was to maintain the adjusted net debt-to-capital ratio at a level of industry average. In order to maintain or adjust the ratio, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group receives a report from the share registrars on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2015 and 2014.

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business, The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables, Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of receivables of mortgage sales, no credit terms will be granted to the purchasers. In addition, the Group did not provide any guarantee to the banks to secure repayment obligations of such purchasers. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are normally due within 60-120 days from the date of billing. Debtors with balances that are more than 1 month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 1% (2014: 1%) and 1% (2014: 1%) of the total trade and other receivables was due from the Group's largest customer and the five largest customers respectively.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 22 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Further quantitative disclosures in respect of the Group's exposure to liquidity risk arising from trade and other receivables, trade and other payables, and borrowings are set out in notes 22, 24 and 26.

For term loans subject to repayment on demand clauses which can be exercised at the bank's sole discretion, note 26 shows the cash outflow based on the contractual repayment schedule and, separately, the impact to the timing of the cash outflows if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

The maturity analysis of the Group's financial liabilities based on the scheduled repayment dates is as follows:

	Less than 1 year RMB'000	**Between 1 and 2 years** RMB'000	**Between 2 and 5 years** RMB'000	**Over 5 years** RMB'000
At 31 December 2015				
Trade and other payables	**2,912,157**	**–**	**–**	**–**
Bank and other loans	**1,387,381**	**2,294,704**	**488,006**	**435,461**
Related party loans	**1,639,127**	**1,582,480**	**4,111,821**	**–**
At 31 December 2014				
Trade and other payables	2,365,622	–	–	–
Bank loans	660,739	1,189,338	1,678,624	499,440
Related party loans	1,770,675	404,648	7,773,797	–

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The effective interest rate of cash and cash equivalents is 1.16% per annum (2014: 0.40% per annum). The effective interest rate of bank loans and related party loans is 5.30% per annum (2014: 5.31% per annum). The interest rates and terms of repayment of the Group's borrowings and other payable to intermediate parents are disclosed in notes 24 and 34 to the consolidated financial statements.

At 31 December 2015, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB14,137,000 (2014: RMB19,303,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2014.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars and Hong Kong dollars. The Group manages this risk as follows:

(i) Forecast transactions

The Group hedge certain of its estimated foreign currency exposure in respect of committed future sales and purchases and certain of its estimated foreign currency exposure in respect of highly probable forecast sales and purchases. During the year, the Group has not used forward exchange contracts to mitigate its currency risk (2014: RMB Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

31. FINANCIAL RISK MANAGEMENT AND FAIR VALUE *(continued)*

(d) Currency risk *(continued)*

(ii) Sensitivity analysis

A 5 per cent weakening of the Hong Kong dollars and United States dollars against the above RMB at 31 December 2015 would have increased profit by RMB66,027,000 (2014: RMB34,353,000). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

A 5 per cent strengthening of the Hong Kong dollars and United States dollars against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2014.

(e) Categories of financial instruments at 31 December 2015

	2015 RMB'000	2014 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	4,473,750	4,944,027
Available-for-sale financial assets	4,320	4,320
Financial liabilities:		
Financial liabilities at amortised cost	13,699,910	13,850,404

(f) Fair values

Except as disclosed in note 19 to the consolidated financial statements, all financial instruments are carried at amounts not materially different from their fair values as at 31 December 2015 and 2014 due to their nature of short-term maturities or floating interest rate for the long-term bank loans.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

32. COMMITMENTS

(a) Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2015 RMB'000	2014 RMB'000
Property, plant and equipment	**310,011**	340,139
Investment property	**1,280,364**	–
Inventories	**1,232,235**	955,117
	2,822,610	1,295,256

The capital commitments in 2015 and 2014 mainly represented the commitments in connection with the planned development projects of Chengdu OCT and OCT Shanghai Land; and with the remaining balance of the consideration for the acquisition of commercial properties by Xi'an OCT Land.

(b) Lease commitments

The Group as lessee

At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases in respect of land and properties were payable as follows:

	2015 RMB'000	2014 RMB'000
Within one year	**8,431**	8,732
After one year but within five years	**8,141**	14,854
After five years	**741**	847
	17,313	24,433

The Group leases a number of land and properties under operating leases. The leases run for period from one to twenty-seven years and certain leases have an option to renew at which time all the terms are renegotiated. None of the leases includes contingent rentals.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

32. COMMITMENTS *(continued)*

(b) Lease commitments *(continued)*

The Group as lessor

All of the Group's investment properties are held for rental purposes. All of the properties held have committed tenants for the next 3 years.

At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are receivable for commercial properties in Hong Kong as follows:

	2015 RMB'000	2014 RMB'000
Within one year	5,290	–
In the second to fifth years inclusive	2,204	–
	7,494	–

33. CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any significant contingent liabilities (2014: RMB Nil).

34. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with other state-controlled entities:

The Company is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government ("state-controlled entities") through its government authorities, agencies, affiliations and other organisations.

Transactions with other state-controlled entities include but are not limited to the following:

– Purchase of service;

– Utility supplies; and

– Financial services arrangement.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state-controlled entities or not.

34. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with other state-controlled entities: *(continued)*

Having considered the potential for transactions to be impacted by related party relationships, the Group's pricing strategy, buying and approval processes and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions with other state-controlled entities require disclosure:

(i) Transactions and balances with other state-controlled banks in the PRC:

	2015 RMB'000	2014 RMB'000
Interest income	3,989	12,416
Interest expense	40,003	25,287

	2015 RMB'000	2014 RMB'000
Cash at bank	1,707,411	1,304,837
Bank loans	1,822,096	348,350

(ii) Transactions and balances with other state-controlled entities in the PRC:

	2015 RMB'000	2014 RMB'000
Purchase of services	173,825	300,651

	2015 RMB'000	2014 RMB'000
Trade and other receivables	10,836	–
Trade and other payables	14,029	14,321

For the year ended 31 December 2015 and 2014, the Group's significant transactions with other state-controlled entities being purchase of service for the development of comprehensive development business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

34. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties:

Name of party	Relationship with the Group
OCT Group	Ultimate parent
OCT Ltd	Intermediate parent
Overseas Chinese Town (HK) Company Limited	Intermediate parent
Konka Group Company Limited, its subsidiaries and associates ("Konka Group")	Fellow subsidiary
Shenzhen Overseas Chinese Town Water and Electricity Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Property Management Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town City Inn Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town International Media and Performance Co., Ltd.	Fellow subsidiary
Overseas Chinese Town Culture Tourism and Technology Co., Ltd.	Fellow subsidiary
Shenzhen OCT Hake Culture Company Limited	Fellow subsidiary
Shenzhen Overseas Chinese Town Entertainment Investment Company Limited	Fellow subsidiary

34. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties: *(continued)*

Recurring transactions

	2015 RMB'000	2014 RMB'000
Sales of goods to:		
OCT Group, its subsidiaries and associates	61,735	62,957
Purchase of goods from:		
OCT Group, its subsidiaries and associates	243	365
Interest expense and related charges paid:		
OCT Group, its subsidiaries and associates	420,485	493,820
Rental received from:		
OCT Group, its subsidiaries and associates	2,903	2,711
Rental paid to:		
OCT Group, its subsidiaries and associates	2,761	738
Purchase of service from:		
OCT Group, its subsidiaries and associates	23,612	27,284
Purchase of entertainment facilities and service from:		
OCT Group, its subsidiaries and associates	–	500
Repayment of loan to:		
OCT Group, its subsidiaries and associates	2,133,780	1,471,100

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

34. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties: *(continued)*

Balances with related parties

Amounts due from/(to) related parties are as follows:

	Notes	2015 RMB'000	2014 RMB'000
Trade receivables from fellow subsidiaries *(note 22)*	(i)	**20,548**	12,350
Trade payables to fellow subsidiaries *(note 24)*	(ii)	**(4,820)**	(7,465)
Other receivables from associates *(note 22)*	(iii)	**83,459**	191,696
Other receivables from an intermediate parent and fellow subsidiaries *(note 22)*	(iv)	**7,645**	5,845
Other payables to ultimate parent *(note 24)*	(iv)	**(4)**	–
Other payables to associates *(note 24)*	(iv)	**(379,500)**	–
Other payables to intermediate parents and fellow subsidiaries *(note 24)*	(iv)	**(240,089)**	(454,015)
Loans from a fellow subsidiary *(note 26)*	(v)	**(3,530,700)**	(5,580,700)
Loans from intermediate parents *(note 26)*	(vi)	**(3,126,398)**	(2,381,847)

Notes:

(i) The trade receivable balances are unsecured, non-interest bearing and are expected to be recovered within six months. These refer to receivables in respect of sale of paper cartons and paper boxes to related parties.

(ii) The trade payable balances are unsecured, non-interest bearing and are expected to be settled within three months. These refer to payables in respect of purchases of raw material from related parties.

(iii) Other receivable from associates of RMB33,500,000 is unsecured, interest bearing at 5.775% and repayable within one year. The remaining amount of RMB49,959,000 is unsecured, non-interest bearing, and repayable on demand.

(iv) Other receivables and payables from/to ultimate parent, intermediate parents and fellow subsidiaries, and other payables to associates are unsecured, non-interest bearing, and repayable on demand.

(v) Loan from a fellow subsidiary of RMB3,530,700,000 is bearing an interest at 5.25%.

(vi) Loans from intermediate parents of RMB900,000,000 is bearing an interest at 3.62%, HK$425,000,000 is bearing at 4%, RMB600,000,000 is bearing at 5.25%, USD17,140,000 is bearing at 2.5%, HK$331,132,000 is bearing at 2.5%, HK$128,740,000 is bearing at 3.62%, HK$100,000,000 is bearing at 2.1% and HK$140,000,000, HK$600,000,000 and RMB70,000,000 are non-interest bearing.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2015

34. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 10 to the consolidated financial statements and certain of the highest paid employees as disclosed in note 11 to the consolidated financial statements, is as follows:

	2015 RMB'000	2014 RMB'000
Short term employee benefits	10,734	6,978
Post employment benefits	726	584
Equity settled share option payment expenses	10	37
	11,470	7,599

Total remuneration is included in "staff costs" (see note 8(b)).

(d) Contributions to post-employment benefits plans

The Group participates in various defined contribution post-employment benefit plans for its employees. Further details of these plans are disclosed in note 27 to the consolidated financial statements.

35. NON-ADJUSTING POST STATEMENT OF FINANCIAL POSITION EVENTS

(i) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 30(c) to the consolidated financial statements.

(ii) On 25 December 2015, Chengdu Chuang Ying entered into an equity interest transfer and subscription agreement with Chengdu Culture & Tourism and CSI Company, for the acquisition of the 15% equity interests held in CSI Company by Chengdu Culture & Tourism and the capital injection of RMB651,300,000 into CSI Company at the total consideration of RMB797,842,500. Upon completion, CSI Company will be owned as to 49% by Chengdu Chuang Ying and 51% by Chengdu Culture & Tourism. As at the end of reporting period, the consideration has been fully paid according to the terms of the agreement. A circular related to the transaction has been published by the Company on 22 January 2016.

The transaction was completed on 14 January 2016.

(iii) On 7 March 2016, Chengdu Chuang Ying entered into a cooperation agreement with 成都保鑫投資有限公司 (Chengdu Baoxin Investment Company Limited) ("Chengdu Baoxin Investment") in respect of the acquisition of 50% equity interests in 成都市保鑫泉盛房地產開發有限公司 (Chengdu Baoxin Quansheng Real Estate Development Company Limited) ("Chengdu Baoxin Quansheng"), a company established in the PRC which is directly wholly-owned by Baoxin Investment, by Chengdu Chuang Ying from Baoxin Investment, pursuant to which Chengdu Chuang Ying agreed to acquire and Chengdu Baoxin Investment agreed to sell 50% equity interests in Chengdu Baoxin Quansheng at a consideration of RMB25,000,000. An announcement related to the transaction has been published by the Company on 7 March 2016.

Five-Year Financial Summary

For the year ended 31 December

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Revenue	6,436,110	3,796,572	4,058,517	3,452,883	2,558,860
Cost of sales	(4,414,956)	(2,550,308)	(2,578,885)	(2,267,153)	(1,786,190)
Gross profit	2,021,154	1,246,264	1,479,632	1,185,730	772,670
Other revenue	46,717	55,687	20,374	14,314	11,676
Other net (losses)/gains	(9,669)	15,173	52,892	(7,067)	24,057
Distribution costs	(284,517)	(221,459)	(206,477)	(224,926)	(160,648)
Administrative expenses	(249,613)	(190,093)	(200,658)	(154,420)	(126,268)
Other operating expenses	(122,770)	(46,958)	(8,731)	(12,627)	(1,832)
Profit from operations	1,401,302	858,614	1,137,032	801,004	519,655
Finance costs	(222,935)	(189,867)	(159,042)	(102,623)	(55,486)
Gain on disposal of a subsidiary	–	335,785	–	–	–
Share of profits/(losses) of associates	188,307	(13,217)	18,316	39,687	36,366
Excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition of an associate	–	–	5,822	–	–
Profit before tax	1,366,674	991,315	1,002,128	738,068	500,535
Income tax expense	(704,731)	(457,737)	(445,731)	(347,611)	(231,582)
Profit for the year	661,943	533,578	556,397	390,457	268,953
Attributable to:					
Owners of the Company	273,042	326,028	235,905	177,236	159,236
Non-controlling interests	388,901	207,550	320,492	213,221	109,717
Profit for the year	661,943	533,578	556,397	390,457	268,953
Earnings per share (RMB)					
Basic	0.40	0.49	0.41	0.35	0.31
Diluted	0.37	0.44	0.38	0.35	0.31

Five-Year Financial Summary

As at 31 December

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Non-current assets					
Fixed assets	2,640,860	2,675,230	2,703,171	2,654,320	2,692,679
Intangible assets	2,125	684	486	410	221
Goodwill	103,740	223,476	267,195	267,195	266,625
Investments in associates	394,588	155,611	186,299	120,621	80,934
Other financial assets	4,320	4,320	4,320	4,320	4,320
Deferred tax assets	160,947	122,047	114,579	97,290	95,761
Other long-term deposits	1,107,843	–	–	–	–
	4,414,423	3,181,368	3,276,050	3,144,156	3,140,540
Current assets					
Inventories	13,183,088	13,699,310	14,565,322	14,198,204	2,015,536
Trade and other receivables	1,107,857	1,213,414	1,549,176	1,270,214	300,055
Cash and cash equivalents	3,374,156	3,763,918	1,711,357	1,525,861	748,393
	17,665,101	18,676,642	17,825,855	16,994,279	3,063,984
Current liabilities					
Trade and other payables	2,912,157	2,365,622	3,051,770	3,645,480	1,918,981
Receipts in advance	605,260	720,281	817,112	466,033	601,037
Bank loans	1,313,139	477,835	208,699	153,302	92,068
Related party loans	1,373,752	1,301,393	671,000	3,325,590	–
Current tax liabilities	766,481	644,725	778,130	317,637	124,160
	6,970,789	5,509,856	5,526,711	7,908,042	2,736,246
Net current assets	10,694,312	13,166,786	12,299,144	9,086,237	327,738
Total assets less current liabilities	15,108,735	16,348,154	15,575,194	12,230,393	3,468,278
Non-current liabilities					
Bank and other loans	2,817,516	3,044,400	952,481	964,972	81,070
Related party loans	5,283,346	6,661,154	8,238,876	6,140,331	1,044,548
Deferred tax liabilities	234,948	258,937	273,542	295,016	52,522
	8,335,810	9,964,491	9,464,899	7,400,319	1,178,140
NET ASSETS	6,772,925	6,383,663	6,110,295	4,830,074	2,290,138
Equity attributable to owners of the Company	3,035,855	2,998,057	2,743,518	1,749,567	1,577,901
Non-controlling interests	3,737,070	3,385,606	3,366,777	3,080,507	712,237
TOTAL EQUITY	6,772,925	6,383,663	6,110,295	4,830,074	2,290,138