金茂投資及金茂(中國)投資控股有限公司
JINMAO INVESTMENTS & JINMAO (CHINA) INVESTMENTS HOLDINGS LIMITED

As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited
Registered in the Cayman Islands with limited liability

Stock Code : 06139

TOP

Quality Assets With Strong Brand Recognition

2015

ANNUAL REPORT

OUR VISION

China's leading operator in the high-end real estate industry.

OUR MISSION

We are committed to the ideology of "Innovation, Consolidation and Cooperation" to build the brand value and affiliated organisations, and through providing sustainable products, services and continuous system innovation,we would be able to build our brand value and create a mutually beneficial platform for the benefit of Holders of Share Stapled Units and the community as a whole.

Contents

ABOUT JINMAO INVESTMENTS

Jinmao Investments and Jinmao (China) Investments Holdings Limited (stock code: 06139) is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Group primarily owns and invests in a portfolio of hotels with diversified revenue sources and customer mix from a portfolio of high quality hotels and commercial properties, comprising 8 hotels and Jin Mao Tower, a mixed-use development. The properties are all located in prime, strategic locations in top-tier cities or tourist hot spots in the PRC and comprise high quality hotels and commercial property.

Adhering to the high-end and boutique positioning, the Group has been investing and operating hotels in Shanghai, Beijing, Sanya and other regions with strong brand recognition and a market leading position, and will continue to improve the operational efficiency of its properties and seek for asset enhancement opportunities for further development.

- Jin Mao Tower (Level 53-87 being Grand Hyatt Shanghai)
- Hilton Sanya Resort and Spa
- The Ritz-Carlton, Sanya
- The Westin Beijing Chaoyang
- JW Marriott Hotel Shenzhen
- Hyatt Regency Chongming
- Renaissance Beijing Wangfujing Hotel
- Grand Hyatt Lijiang

MILESTONES IN 2015

In March

During the Boao Forum for Asia Annual Conference, The Ritz-Carlton, Sanya and Hilton Sanya Resort and Spa undertook the important duties of guest reception. Austrian President Heinz Fischer and Sri Lankan President Maithripala Sirisena were guests of Hilton Sanya Resort and Spa.

In April

China Jin Mao (Group) was titled the "Best Owner of China's Hotels" by the Judging Committee of China Hotel Starlight Awards.

On 2 September

The Mountain Lodge of Grand Hyatt Lijiang held its grand opening at Ganhaizi in Yulong Snow Mountain.

In September

The Shanghai finals of the "Up marathon China Open 2015" took place at Jin Mao Tower.

On 31 October

Jin Mao Tower participated in the city charity orienteering race for the World Cities Day.

In December

The "Jin Mao" trademark of China Jin Mao (Group) was recognised as a "Shanghai Well-known Trademark", in which Class 36 "rental services of chattel" and Class 41 "provision of entertainment premises services" were recognised for the fourth times in a row, while Class 43 "hotels, restaurants" catered to the practical needs of the operation and development of the Company, and was recognised on its first application.

CORPORATE INFORMATION

TRUST

Jinmao Investments

(As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited)

LISTING

The Share Stapled Units of Jinmao Investments and Jinmao (China) Investments Holdings Limited were listed on the Main Board of the Stock Exchange on 2 July 2014

CORPORATE INFORMATION OF THE TRUSTEE – MANAGER

Trustee-Manager

Jinmao (China) Investments Manager Limited

Board of Directors

Non-executive Directors

Mr. LI Congrui
Mr. CAI Xiyou (Chairman) (appointed on 9 October 2015 and resigned on 15 March 2016)
Mr. HE Cao (Chairman) (resigned on 9 October 2015)
Mr. JIANG Nan

Executive Director and Chief Executive Officer

Mr. ZHANG Hui

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson
Dr. CHEN Jieping
Dr. XIN Tao (appointed on 9 June 2015)
Dr. ZHANG Rungang (resigned on 9 June 2015)

Registered Office

Rooms 4702-03, 47th Floor,
Office Tower,
Convention Plaza,
No. 1 Harbour Road,
Wanchai, Hong Kong

Company Secretary

Ms. HO Wing Tsz Wendy
(Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)

Authorised Representatives

Mr. JIANG Nan
Ms. HO Wing Tsz Wendy

Trustee-Manager Audit Committee

Dr. CHEN Jieping *(Chairman)*
Dr. XIN Tao (appointed on 9 June 2015)
Dr. ZHANG Rungang (resigned on 9 June 2015)
Mr. JIANG Nan

Share Stapled Units Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

CORPORATE INFORMATION OF THE COMPANY

Company

Jinmao (China) Investments Holdings Limited (Registered in the Cayman Islands with limited liability)

Registered Office

Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Rooms 4702-03, 47th Floor,
Office Tower,
Convention Plaza,
No. 1 Harbour Road,
Wanchai, Hong Kong

Board of Directors

Non-executive Directors

Mr. LI Congrui
Mr. CAI Xiyou (Chairman) (appointed on 9 October 2015 and resigned on 15 March 2016)
Mr. HE Cao (Chairman) (resigned on 9 October 2015)
Mr. JIANG Nan

Executive Director and Chief Executive Officer

Mr. ZHANG Hui

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson
Dr. CHEN Jieping
Dr. XIN Tao (appointed on 9 June 2015)
Dr. ZHANG Rungang (resigned on 9 June 2015)

Head of Finance

Ms. ZHANG Runhong

Company Secretary

Ms. HO Wing Tsz Wendy (Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)

Authorised Representatives

Mr. JIANG Nan
Ms. HO Wing Tsz Wendy

Legal Advisers

As to Hong Kong laws:

Freshfields Bruckhaus Deringer
11th Floor,
Two Exchange Square,
Central, Hong Kong

As to PRC laws:

Shen Da Law Firm
32/F, World Plaza,
855 Pudong Nan Road,
Shanghai, the PRC

As to Cayman Islands laws:

Conyers Dill & Pearman (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Compliance Adviser

First Shanghai Capital Limited
19th Floor, Wing On House,
71 Des Voeux Road Central,
Hong Kong

Company Audit Committee

Dr. CHEN Jieping (Chairman)
Dr. XIN Tao (appointed on 9 June 2015)
Dr. ZHANG Rungang (resigned on 9 June 2015)
Mr. JIANG Nan

Company Remuneration and Nomination Committee

Dr. CHUNG Shui Ming Timpson (Chairman)
Mr. LI Congrui
Dr. CHEN Jieping

Auditor

Ernst & Young
22/F, CITIC Tower,
1 Tim Mei Avenue,
Central, Hong Kong

CORPORATE INFORMATION

Address Where the Principal Register of Members is Kept

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Address Where the Hong Kong Register of Members is Kept

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

Share Stapled Units Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

Investor Enquiries

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jinmao@sinochem.com

Website

www.jinmao88.com

Stock Code

06139

FINANCIAL HIGHLIGHTS

Jinmao Investments is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Share Stapled Units jointly issued by Jinmao Investments and the Company were successfully listed on the Main Board of the Stock Exchange on 2 July 2014. This report covers the financial period from 1 January 2015 to 31 December 2015.

Unit: HK$ million

	For the year ended 31 December		
	2015	2014	Change (%)
Total revenue	**2,974.0**	2,761.1	8
EBITDA	**1,119.2**	715.0	57
Profit attributable to Holders of Share Stapled Units	**542.6**	907.1	-40
Basic earnings per Share Stapled Unit (HK cents)	**27.1**	53.3	-49
Total assets	**21,752.5**	22,640.4	-4
Total equity	**8,328.3**	9,106.8	-9
Net debt-to-adjusted capital ratio (%)	**74**	66	13

Note: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances)/(total equity + amount due to related parties)

DIRECTORS' STATEMENT

In 2016, the Group will continue to adhere to our customer-orientated principle. We will consolidate our resources to focus on our core hotel business. We will continue to foster service innovation, business innovation and management innovation. We will continue to strengthen our brand image of possessing high-end hotels, quality assets, appropriate business scale, and efficient operation.

The Group's revenue amounted to

HK$ 2,974

million for 2015

Dear all

On behalf of the Boards of the Trustee-Manager and the Company, I am pleased to present the annual report of Jinmao Investments and the Group for the year ended 31 December 2015 for review by the Holders of Share Stapled Units.

During the Review Period, profit attributable to Holders of Share Stapled Units of the Company amounted to HK$543 million and basic earnings per Share Stapled Unit amounted to HK27 cents. The Boards have recommended a distribution of HK$867 million, which will be subject to the approval at the 2015 AGM.

In 2015, China's economy grew at its slowest pace in 25 years, with its annual GDP growth rate at 6.9%, the economic climate is much dampened. However, it is a comfort to see that the tourism industry of China has maintained a fast-paced development which provides solid support for hotel operations. In 2015, most of the hotels in China have adopted a price for volume strategy in their operations, contributing to a year-on-year increase of hotel occupancy rate for the major cities in China while most of the cities recorded a year-on-year negative growth in the average room rate of hotels, indicating a strong demand as well as fierce competition in the hotel market in major cities. Meanwhile, the explosive growth of mobile network becomes the driving force behind the rapid expansion of scale of online tourism market in China.

In order to respond to reforms and in-depth adjustments within the industry proactively, the Company focused on the increase in revenue brought by marketing campaigns, supported by a reduction in costs and expenses, and achieved an annual revenue of HK$2,974 million, an increase of 8% from last year. The Mountain Lodge of Grand Hyatt Lijiang of the Company also held its grand opening in September 2015 and has been well-received by the market.

In relation to the increase in revenue brought by marketing campaigns in hotel operations, the Company has put forward new media applications at its hotels and strengthen their direct sales capabilities for a solid boost in the sales volume through online travel agencies ("OTA"), Wechat and official websites in order to secure a fair market share. The Company has sped up its socialised operation of leisure facilities and optimised the original functions, layout and facilities at each hotel, to maximise its value and increase the efficiency and returns of the assets. Each hotel has intensified up their efforts in enhancing customer retention, consolidating resources with regards to sightseeing, shopping, car rental, sports, entertainment and leisure and introducing value-added services to create more points of interests. In relation to reduction in costs and expenses, the Company has earnestly implemented measures in relation to operation cost, labour cost, energy cost and procurement cost, and has achieved remarkable results in cost management, our management and control over the cost items has pioneered the industry as well. The hotel operations segment recorded revenue of HK$2,173 million, representing a year-on-year increase of 7%.

In relation to the leasing of commercial properties, in view of market competition, Jin Mao Tower has made its best efforts to maintain and expand customer base and ensured that no core customer was lost, contributing to an increase of 13% in renewed rent. The average rent of new customers is 28% higher than the average rent in Grade A offices market at Pudong, setting an all-time high in respect of office revenue, profit and average rent. In 2015, revenue from leasing of commercial properties amounted to HK$637 million, with a year-on-year increase of 12%.

To face the forthcoming competition from Shanghai Tower, we kept operating while renovating the Observation Deck on the 88th floor of Jin Mao Tower at the same time, in order to firmly secure our quality key customers. The number of visitors and average ticket price have all increased to their highest level in three years. According to various information sources, there is an increase in both the transaction volume and prices in the individual guest and group tour markets, marking a significant growth in its performance.

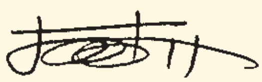
In 2016, in view of the environment and development trend for tourism in China and overseas, it is estimated that mainland chinese visitor a arrivals will amount to a total count of 4.488 billion, marking a year-on-year increase of 9.4%, outbound residents will amount to a total count of 4.483 billion, marking a year-on-year increase of 9.6%, while total travel-related revenue will amount to RMB4.67 trillion, marking a year-on-year increase of 12%. We are positive and optimistic on the tourist economy in 2016 on the whole with steady upward market trends seen in the high-end and luxury hotels in Shanghai, Beijing, Shenzhen, Sanya and Lijiang.

Further improvement in our operation results will be our top priority in 2016 to ensure a better performance than our competitors under the same conditions. We will enhance segmental market performance of the hotels, promote the establishment and operation of direct booking platform for the hotels of the Group, promote innovations in terms of new positioning, new products, new services provided and new marketing strategies on food and beverages of the hotels, and to improve customer satisfaction according to the reviews provided by hotel users.

In relation to the office premises, leveraging on the solid customer foundation, we will continue to improve the quality of our office premises and ensure a steady occupancy rate while achieving stable and positive results. We have enhanced the sightseeing experience at the Observation Deck on the 88th floor of Jin Mao Tower, in order to optimise the entertainment, educational and fashionable features of our products. We will accelerate the transformation of marketing model and channels for sightseeing business to ramp up our marketing and promotion scale.

Looking forward, the Company will focus on hotel operations, seek investment projects with high value and nurture profit growth opportunity for asset-light businesses. The Group believes that asset-light businesses will accumulate energy for the sustainable development of the Company and we will thus be a step closer to being a globally-renowned and top-notch domestic hotel investor and operator.

Lastly, on behalf of the Boards, I would like to take this opportunity to express my sincere gratitude to all customers, business partners, Holders of Share Stapled Units and employees of the Company. All the employees of the Jinmao Investments will uphold the management philosophy of "Advancement, Stringency, Refinement, Effectiveness" and continue to strive for excellence to achieve even more remarkable results in the future in order to maximise the returns for all Holders of Share Stapled Units.



Non-executive Director
LI Congrui
(Assuming the role and duties of the Chairman)

Hong Kong
21 March 2016

HONOURS AND AWARDS IN 2015

CHINA JIN MAO (GROUP)

1. In January, China Jin Mao (Group) was granted the "Outstanding Achievement Award of Building Owners in 2014" Award by the management committee of Shanghai Lujiazui Finance Trade Zone.

2. In April, China Jin Mao (Group) was named the "Best Owner of China's Hotels" by the Judging Committee of China Hotel Starlight Awards.

3. In April, China Jin Mao (Group) was named the "2013-2014 Shanghai Civilised Unit" by Shanghai Municipal People's Government.

4. In May, the tourism sector of China Jin Mao (Group) was named the "Shanghai Labour Model Unit".

5. In August, the Jin Mao Tower was named the "Advanced Cultural Building in the Financial Centre of Lujiazui".

6. In September, China Jin Mao (Group) was titled the "Best Hotel Owner of China in 2015" by the Golden-Pillow Award of China Hotels.

7. In December, the trademark "Jin Mao" of China Jin Mao (Group) was recognised as a "Shanghai Well-known Trademark", in which Class 36 "rental services of chattel" and Class 41 "provision of entertainment premises services" are recognised for the fourth times in a row, while Class 43 "hotels, restaurants" catered to the practical needs of the operation and development of the Company, and was recognised on its first application.

GRAND HYATT SHANGHAI

1. In May, Grand Hyatt Shanghai was granted the "Bar of Best View in 2015 (Cloud 9)" Award by City Weekend.

2. In June, Grand Hyatt Shanghai was granted the "Best MICE Hotel in 2015" Award by Shanghai Daily.

3. In July, Grand Hyatt Shanghai was granted the title of the "2015 Best Business Hotel" by That's Shanghai.

4. In August, Grand Hyatt Shanghai was awarded the "Hall of Fame" by Tripadvisor.

5. In October, Grand Hyatt Shanghai was granted the "China Hotel Golden Star Award" by China Travel and Hotel Association.

HYATT REGENCY CHONGMING

1. In January, Hyatt Regency Chongming was granted the "Special Trip Chinese Media Travel Awards – The Most Anticipated Newly Opened Hotel in 2014" by Oriental Morning Post.

2. In January, Hyatt Regency Chongming was granted the "Best Design Hotel Award – 2014 Best Hotel of the Year" by Bund Pictorial.

3. In March, Hyatt Regency Chongming was granted the "2014 Best Resort Award" by Ctrip.

4. In June, Hyatt Regency Chongming was granted the title of "Best City Resort" by Shanghai Daily.

5. In June, Hyatt Regency Chongming was granted the title of "Best Resort" by That's Shanghai.

HONOURS AND AWARDS IN 2015

THE WESTIN BEIJING CHAOYANG

1. In March, the Seasonal Tastes of The Westin Beijing Chaoyang was granted the title of "Outstanding Hotel Brunch" by The Beijinger.

2. In June, Mai of The Westin Beijing Chaoyang was granted the title of "2014 Best International Restaurant" by Voyage Magazine.

3. In June, the Grange Grill of The Westin Beijing Chaoyang was granted the title of "Most Popular Restaurant of the German Riesling Weeks" by German Wine Institute.

4. In June, The Westin Beijing Chaoyang was granted the "2014 Best Business Hotel Award" by Ctrip.

5. In June, The Westin Beijing Chaoyang was granted the "China's Wine List Award" by China: Association de la Sommellierie Internationale.

RENAISSANCE BEIJING WANGFUJING HOTEL

1. In January, Renaissance Beijing Wangfujing Hotel was granted the title of "Best Business Brand Award" by The Beijing News.

2. In March, Renaissance Beijing Wangfujing Hotel was granted the title of "Hutong Place – 2015 Best Hotel Event Venue" by The Beijinger.

3. In April, Renaissance Beijing Wangfujing Hotel was granted "2014 Excellence Guests Experience Award" by Booking.com.

4. In April, Renaissance Beijing Wangfujing Hotel was granted the title of "2015 CHA Best Hotel – High-end Category" by LifeStyle Magazine.

5. In October, Renaissance Beijing Wangfujing Hotel was granted the title of "Best New Hotel" by The City Traveler.

THE RITZ-CARLTON, SANYA

1. In February, The Ritz-Carlton, Sanya was granted the "2014 Best Luxury Hotel Award" by Ctrip.

2. In March, The Ritz-Carlton, Sanya was granted the "Luxury Hotel Wedding in Hainan Star Performer" Award by Hurun Report.

3. In March, The Ritz-Carlton, Sanya was granted the title of "Five-leaf Stage China Green Hotel" by China Green Hotel.

4. In June, The Ritz-Carlton, Sanya was granted the title of "Continental Diamond Award-Best Resort" by World Hotel Association.

5. In September, The Ritz-Carlton, Sanya was titled the "Best Resort Hotel Award" by the Golden Pillow's Awards of China's Hotels.

HILTON SANYA RESORT AND SPA

1. In January, Hilton Sanya Resort and Spa was granted the title of "2014 Most Popular Resort in China" by Core Family NEXUS.

2. In May, Hilton Sanya Resort and Spa was granted the title of "Best Resort" by The City Traveler.

3. In June, Hilton Sanya Resort and Spa was granted "2015 A Glass of Wine List Award" by China: Association de la Sommellierie Internationale, Vinehoo.com.

4. In August, Hilton Sanya Resort and Spa was granted "2015 Excellence Award" by Daodao.com.

5. In November, Hilton Sanya Resort and Spa was granted the title of the "Best Families & Kids Hotel" by Voyage Magazine.

HONOURS AND AWARDS IN 2015

JW MARRIOTT HOTEL SHENZHEN

1. In April, JW Marriott Hotel Shenzhen was granted the "Best Business Hotel in Shenzhen" at the contest by TTG China "TTG Travel Award".

2. In April, JW Marriott Hotel Shenzhen was granted the "Best Hotel Award" in the contest by "Shenzhen Media Group" Shenzhen Catering Billboard.

3. In May, Café Chinois of JW Marriott Hotel Shenzhen was granted the "Golden Knife & Fork Restaurant Award" in the contest by "2015 Gourmet Ceremony".

GRAND HYATT LIJIANG

1. In April, Grand Hyatt Lijiang was granted the title of "2015 CHA Best Resort Hotel" by LifeStyle Magazine.

2. In April, Grand Hyatt Lijiang was granted the title of "2015 Best Architectural Design Hotel" by Bund Pictorial.

3. In April, Grand Hyatt Lijiang was granted the title of "2014 Best New Opening Hotel" by MICE China.

4. In June, Grand Hyatt Lijiang was granted the title of "Best SPA in Yunan" by Hurun Report.

5. In October, Grand Hyatt Lijiang was granted the title of "2015 Travel in China Awards – Best Resort Hotel" by Travel+Leisure Magazine.

MANAGEMENT DISCUSSION AND ANALYSIS

Jinmao Investments is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Share Stapled Units jointly issued by Jinmao Investments and the Company were successfully listed on the Main Board of the Stock Exchange on 2 July 2014. The objectives of Jinmao Investments and the Company are (a) to focus principally on the payment of distributions to the Holders of Share Stapled Units with a clearly expressed intention as to their respective distribution policies stated in the Trust Deed and the Company's Articles and (b) to provide the Holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and the benefits which arise from the enhancement in the value of the Group's portfolio of properties.

DISTRIBUTIONS

The Trust Deed and the Company's Articles state that, except with the prior approval of an ordinary resolution of registered holders of Units and an ordinary resolution of Shareholders and subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board will declare and distribute 100% of the Group Distributable Income for the period from the Listing Date (being 2 July 2014) to 31 December 2014 and each financial year thereafter.

As disclosed in the Prospectus, China Jinmao has agreed to provide a guarantee to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) that:

(a) the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014 will be an amount which is not less than HK$481 million, and

(b) for the income level of the Group for the financial years ending 31 December 2015, 2016 and 2017 (the "Shortfall Payment Period"), there is no maximum amount of the Shortfall Payments which is payable by China Jinmao during any financial year in the Shortfall Payment Period but instead there is an aggregate maximum amount for the entire duration of the Shortfall Payment Period. The amount of the Shortfall Payment in any relevant financial year during the Shortfall Payment Period may exceed HK$220 million if the Actual EBITDA for that financial year is negative, but the Shortfall Payment will not exceed HK$300 million in the aggregate.

OVERVIEW OF ASSET PORTFOLIO

Jinmao Investments is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Investments and the Group primarily own and invest in a portfolio of hotels, comprising eight hotels and Jin Mao Tower, a mixed-use development.

The property portfolio of the Group as at the date of this report comprises the following Properties, all of which are located in the PRC:

JINMAO INVESTMENTS ASSET PORTFOLIO (BY CATEGORY)

Category	Property	City	Total GFA (sq.m.)	Number of rooms
1. Hotel	Grand Hyatt Shanghai	Shanghai	76,013	555
	The Westin Beijing Chaoyang	Beijing	77,945	550
	JW Marriott Hotel Shenzhen	Shenzhen	51,730	411
	The Ritz-Carlton, Sanya	Sanya	83,772	450
	Hilton Sanya Resort and Spa	Sanya	75,208	501
	Hyatt Regency Chongming	Shanghai	48,992	235
	Renaissance Beijing Wangfujing Hotel	Beijing	44,435	329
	Grand Hyatt Lijiang	Lijiang	84,384	402
Subtotal			542,479	3,433
2. Office	Jin Mao Tower office (including the evacuation floors on the 15th floor and the 30th floor)	Shanghai	137,121	N/A
3. Retail	Shanghai J•LIFE	Shanghai	35,659	N/A
4. Tourist	Observation Deck on the 88th floor of Jin Mao Tower	Shanghai	1,885	N/A
5. Property Management	Shanghai Property Management	N/A	N/A	N/A
6. Car Services	Shanghai Jin Mao Jin Jiang Automobile Service Company Limited	N/A	N/A	N/A

Note: Sanya J•LIFE has a leasable area of 667 sq.m. and its GFA is included in The Ritz-Carlton, Sanya.

All of the Properties are located in prime and strategic locations in top tier cities or tourist hot spots in the PRC. All of the Properties (other than Jin Mao Tower) are standalone hotels. All of the hotels are managed by globally renowned hotel manager (being Hyatt Hotels Corporation, Starwood Hotels & Resorts Worldwide, Inc., Marriott International, Inc. and Hilton Worldwide Holdings Inc.). Jin Mao Tower is an 88-storey landmark building in Shanghai, with the office area of Jin Mao Tower being classified as a Grade A office building.

The quality of the Properties has been actively enhanced by consistent renovation and upgrade with a view to maintaining their marketability to continuously bring in new tenants and customers. In order to facilitate such consistent enhancements, we have developed and implemented certain asset enhancement programmes to increase the value and returns of the Properties.

BUSINESS REVIEW

The Group specialises in the investment, operation of high-end hotels in core cities and tourist hot spots in China and the leasing of commercial properties in Jin Mao Tower. Accordingly, the Group has accumulated extensive management experience, especially through the cooperation with globally renowned hotel managers, we have adopted a well-established management model to build a leading hotel portfolio.

The Group derives its revenue primarily from hotel operations and leasing of commercial properties.

Revenue from hotel operations is generated from hotel rooms, food and beverage businesses and ancillary services. Revenue from ancillary services is primarily revenue other than the revenue from hotel rooms and food and beverage businesses, such as revenue from laundry, telephone charges, spa services, hotel car services and other services.

Gross rental income is mainly derived from leasing the office and retail areas in Jin Mao Tower and leasing the retail areas in The Ritz-Carlton, Sanya.

In addition, the Group's revenue includes revenue from operating the Observation Deck in Jin Mao Tower and providing property management services.

In 2015, the supply of high-end hotels in major cities in China continued to increase, occupancy rate slightly increased when compared to last year, while the average room rate continued to fall and competition in the industry remained fierce. The high-end hotel market in top tier cities such as Beijing, Shanghai and Shenzhen performed slightly better when compared to last year. There was a stable increase in market demand. In particular, Shanghai market resumed its upward momentum in revenue. The hotels of the Group proactively seized market opportunities and adopted flexible sales strategies and optimised customer structure, consistently enhanced service quality and maintained their leading market positions within the regions they operated.

In 2015, revenue and gross profit of the Group amounted to HK$2,974 million and HK$1,667 million, respectively, representing a respective increase of 8% and 7% as compared to last year.

Hotel	Occupancy Rate 2015	Occupancy Rate 2014	Average Room Rate (RMB) 2015	Average Room Rate (RMB) 2014	RevPAR (RMB) 2015	RevPAR (RMB) 2014
Grand Hyatt Shanghai	**69.8%**	63.7%	**1,515**	1,572	**1,057**	1,001
The Westin Beijing Chaoyang	**79.9%**	77.9%	**1,179**	1,215	**943**	946
JW Marriott Hotel Shenzhen	**78.8%**	77.0%	**1,028**	1,060	**811**	817
The Ritz-Carlton, Sanya	**72.3%**	70.0%	**2,453**	2,661	**1,772**	1,864
Hilton Sanya Resort and Spa	**68.7%**	70.7%	**1,433**	1,529	**984**	1,081
Hyatt Regency Chongming (1)	**47.9%**	42.4%	**982**	892	**470**	378
Renaissance Beijing Wangfujing Hotel (1)	**65.5%**	34.7%	**751**	668	**492**	232
Grand Hyatt Lijiang (1)	**37.9%**	15.8%	**867**	875	**329**	139

Note: (1) These hotels were newly opened in 2014. The Mountain Lodge of Grand Hyatt Lijiang was officially opened on 2 September 2015.

OUTSTANDING SERVICE

World-class experience

We have based our business in Pudong of Shanghai but have always been holding a global perspective. We are also keeping pace with the times and are dedicated to excellent quality. From Shanghai to Sanya and from Beijing to Shenzhen, and following on the initial success, the Group always adheres to the principle of "Respecting customers and paying attention to detail", upholding the quality of Jin Mao and focusing on customer experience. Through continuous innovation in products, services and business models, we have built our brand value. We have built a mutually beneficial platform that meets and exceeds customer expectations. We have built our value through providing superb guest experience, winning the market through our excellent customer services and will continue to set the industry benchmark.

BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Located at the Shanghai's iconic landmark Jin Mao Tower, Grand Hyatt Shanghai embraces the scenic view of Shanghai Bund and the beautiful skyline of the city. We have always dedicated ourselves to providing our guests with attentive and professional services. Whether for business or leisure travel, the newly upgraded 555 luxury rooms and suites, along with the multi-functional banquet hall, various restaurants as well as the corresponding ancilliary facilities will welcome you with a cordial and memorable stay.

GRAND HYATT SHANGHAI

Grand Hyatt Shanghai, located on the 53rd-87th of Jin Mao Tower, commenced operation in 1999. The hotel has been included in the Guinness World Records: Millennium edition as the world's highest hotel. In the 16 years since its opening, the hotel has received over 100 hotel industry awards in China and worldwide. The hotel has successfully hosted a number of major events, such as Fortune Global Forum, APEC Summit, Asian Bank Annual Meeting, Forbes Global CEO Conference and Shanghai World Expo.

Grand Hyatt Shanghai embraces the scenic view of Shanghai Bund and the beautiful skyline of the city. The hotel's 555 rooms, the multi-functional banquet hall, various restaurants and the corresponding ancilliary facilities will provide our guests with luxurious accommodation, unique dining and entertainment experience.

During the Review Period, the overall supply in the Shanghai market witnessed a slow growth, while the market demand picked up, occupancy rates and revenue per room rose slightly compared with the same period last year. Grand Hyatt Shanghai seized the market opportunities, leveraging on its flexible pricing strategy and intensifying the efforts in market promotions for tours and weekend stays, it effectively improved its market share, the occupancy rate rose by 6 percentage points year-on-year, revenue per room rose by 5.6% year-on-year, which were much higher than the competitors and the overall market average. As of 31 December 2015, Grand Hyatt Shanghai recorded an average occupancy rate of 69.8% and an average room rate of RMB1,515 (31 December 2014: 63.7% and RMB1,572). As at the date of this report, the Group owns 100% interest of Grand Hyatt Shanghai.

Grand Hyatt Shanghai	**2015**	2014
Average occupancy rate	**69.8%**	63.7%
Average room rate (RMB)	**1,515**	1,572
RevPAR (RMB)	**1,057**	1,001
Revenue from guest rooms (RMB million)	**199.4**	190.3
Revenue from food and beverage (RMB million)	**217.7**	224.4
Total revenue (RMB million)	**426.4**	420.3
EBITDA (RMB million)	**109.6**	91.6
Total basic management fees paid to the hotel manager (RMB million)	**8.0**	7.8
Total incentive management fees paid to the hotel manager (RMB million)	**11.6**	10.6
Contributions to furniture, fixtures and equipment reserve (RMB million)	**12.0**	11.8

BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Hyatt Regency Chongming is favourably located in the east of Chongming Island, the third largest island in the PRC, and is surrounded by a beautiful natural environment. It offers fresh organic delicacies, "Hyatt Campus" conference experience and unique pet dogs' guest rooms, and is an ideal venue for relaxation, holidays and meetings.

HYATT REGENCY CHONGMING

Hyatt Regency Chongming is located in the east of Chongming Island, the third largest island in the PRC. Chongming Island is located 46 kilometres from Shanghai and is connected to the Pudong New District in Shanghai by Chang Jiang tunnel-bridge. Hyatt Regency Chongming is located near Dongtan Wetland Park, the only wetland park in the PRC, and a migratory bird reserve. Hyatt Regency Chongming received the Grand Award for Best International Commercial and Special Use Project at the 51st Annual Gold Nugget Awards applying an ecological design concept on commercial land. Hyatt Regency Chongming, which commenced operations on 29 March 2014, is the first five-star resort hotel in Chongming Island. The hotel offers 235 rooms (including 21 suites), which includes a combination of accommodation, dining, conferencing, entertainment and sports and fitness services.

During the Review Period, Hyatt Regency Chongming actively integrated its resources, increased various operating facilities, created highlights and improved sales on weekends and holidays to achieve a steady improvement in its market share. Average room rate and RevPAR were far above the average of its competitors. As of 31 December 2015, Hyatt Regency Chongming recorded an average occupancy rate of 47.9% and an average room rate of RMB982 (31 December 2014: 42.4% and RMB892). As at the date of this report, the Group owns 100% interest of Hyatt Regency Chongming.

Hyatt Regency Chongming	2015	2014
Average occupancy rate	47.9%	42.4%
Average room rate (RMB)	982	892
RevPAR (RMB)	470	378
Revenue from guest rooms (RMB million)	38.2	23.5
Revenue from food and beverage (RMB million)	34.6	20.0
Total revenue (RMB million)	73.6	43.6
EBITDA (RMB million)	0.5	(59.7)
Total basic management fees paid to the hotel manager (RMB million)	1.6	0.9
Total incentive management fees paid to the hotel manager (RMB million)	0.4	–
Contributions to furniture, fixtures and equipment reserve (RMB million)	–	–

According to data released by STR Global, in 2015, the overall supply in the Shanghai market witnessed a slow growth while the market demand picked up. The completion of the Shanghai Hongqiao National Exhibition and Convention Center will bring more demand for MICE in Shanghai. It is expected that Shanghai Disneyland will open in summer 2016 with about 16 million visitors annually and favourable policies such as the establishment of Shanghai FTA will also speed up business development. According to the report from Jones Lang LaSalle, in the coming future, around 5,000 high-end hotel rooms will be introduced to the Shanghai high-end hotel market, but new supply is estimated to have limited impact on the established hotels in the core business districts.

BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

The Westin Beijing Chaoyang is located at the prime area of Chaoyang District, Beijing, adjacent to the reowned Yansha Business Circle and embassies. There is only a 25-minute driving distance from the Beijing Capital International Airport. With its modern design and the provision of perfect service, the hotel becomes the first choice of accommodation for foreign and local politicians and celebrities, as well as business travellers and those who pursue a quality lifestyle.

THE WESTIN BEIJING CHAOYANG

The Westin Beijing Chaoyang is a 34-storey luxury hotel located near Sanlitun, the central business district of Beijing and embassies, corporate headquarters and retail shopping malls. The Westin Beijing Chaoyang offers 550 rooms (including 53 suites), each offering luxurious accommodation and amenities. Since its opening, the hotel has served numerous foreign heads of states, sports elites and business elites, including former US president George W. Bush, first lady of the United States Michelle Obama and president of Singapore S.R. Nathan, as well as the member of the Executive Board of the International Olympic Committee Sam Ramsamy, which represents the high-end brand image of the hotel.

Facing the increasingly fierce market competition, The Westin Beijing Chaoyang, which is situated at the Yansha Business Circle in Chaoyang District of Beijing, capitalised on its product strengths and geographical location, actively adjusted its market strategies and cooperated closely with the OTA, thus achieving a year-on-year revenue growth during holidays. During the Review Period, occupancy rates continued to remain high. The average room rate was influenced by the pricing strategy of its competitors, causing a year-on-year decline. Revenue per room basically remained unchanged and it continued to maintain its leading position among its competitors. As of 31 December 2015, The Westin Beijing Chaoyang recorded an average occupancy rate of 79.9% and an average room rate of RMB1,179 (31 December 2014: 77.9% and RMB1,215). As at the date of this report, the Group owns 100% interest of The Westin Beijing Chaoyang.

The Westin Beijing Chaoyang	2015	2014
Average occupancy rate	79.9%	77.9%
Average room rate (RMB)	1,179	1,215
RevPAR (RMB)	943	946
Revenue from guest rooms (RMB million)	178.6	178.8
Revenue from food and beverage (RMB million)	94.6	92.9
Total revenue (RMB million)	294.1	288.9
EBITDA (RMB million)	90.8	83.7
Total basic management fees paid to the hotel manager (RMB million)	7.8	7.6
Total incentive management fees paid to the hotel manager (RMB million)	11.3	11.0
Contributions to furniture, fixtures and equipment reserve (RMB million)	12.4	12.2

BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Situated on the Wangfujing Avenue in Beijing's major business and shopping district, Renaissance Beijing Wangfujing Hotel is uniquely designed with two wings spreading out like an open book. Almost half of its rooms enjoy the marvellous view of The Forbidden City. Its pillarless ballroom with an area of near 1,000 sq. m. and classic courtyard restaurant Hutong Place will allow guests to experience an incredible journey from the past to the present.

RENAISSANCE BEIJING WANGFUJING HOTEL

Situated on the northern section of Wangfujing Avenue in Beijing's major business and shopping district, Renaissance Beijing Wangfujing Hotel enjoys superior geographical location with access to a cluster of historical sites and facilities. It is within a short distance to The Forbidden City, Tiananmen Square and Beihai Park, and also offers a bird's eye view of The Forbidden City. Renaissance Beijing Wangfujing Hotel is a 14-storey luxury hotel and its predecessor is Wangfujing Grand Hotel which opened in 1995. The hotel offers 329 rooms and a number of meeting rooms, catering and other facilities. The hotel completed its renovation and commenced operation on 29 August 2014.

During the Review Period, Renaissance Beijing Wangfujing Hotel actively expanded marketing channels, and achieved a rapid increase in occupancy rate. As of 31 December 2015, Renaissance Beijing Wangfujing Hotel recorded an average occupancy rate of 65.5% and an average room rate of RMB751 (31 December 2014: 34.7% and RMB668). As at the date of this report, the Group owns 100% interest of Renaissance Beijing Wangfujing Hotel.

Renaissance Beijing Wangfujing Hotel	**2015**	2014
Average occupancy rate	**65.5%**	34.7%
Average room rate (RMB)	**751**	668
RevPAR (RMB)	**492**	232
Revenue from guest rooms (RMB million)	**55.4**	8.8
Revenue from food and beverage (RMB million)	**35.5**	6.9
Total revenue (RMB million)	**96.3**	16.0
EBITDA (RMB million)	**5.4**	(63.4)
Total basic management fees paid to the hotel manager (RMB million)	**2.0**	0.3
Total incentive management fees paid to the hotel manager (RMB million)	**1.1**	–
Contributions to furniture, fixtures and equipment reserve (RMB million)	**1.4**	0.2

In 2015, the new supply has intensified the market competition in Beijing. The conservative pricing policy at all hotels in Beijing led to a slight drop in the average room rate. However, due to strong demand, the overall results had recovered steadily. The Beijing market begun to improve. For the next few years, despite the increase in occupancy rate brought by a significant growth in business demand, the enhancement in accessibility by the construction of the second airport in Beijing (expected to commerce operation in 2017), and the convening of large-scale events, it is expected that the average room rate will continue to maintain at a conservative level in the short term.

BUSINESS REVIEW – HOTEL OPERATIONS SEGMENT

Situated at the scenic Yalong Bay, the magnificent Ritz-Carlton, Sanya, is inspired by the Summer Palace in Beijing. The hotel also provides a pleasant resort experience to its guests through tailored tours on the tropical island which features different cultures all over the world.

THE RITZ-CARLTON, SANYA

Situated at the enchanting Yalong Bay in Hainan Province, The Ritz-Carlton, Sanya offers 450 hotel rooms, suites and villas with each hotel room occupying a floor area of more than 60 sq.m.. There are 21 luxury suites and 33 private villas with private butler service and independent swimming pools, all of which are situated among the peaceful white beaches and red mangrove forest conservation zone of the Yalong Bay. It also has the first outdoor wedding chapel in Sanya and the reputable Ritz Kids Club exclusively for children guests of the resort.

During the Review Period, faced with the unfavourable conditions of increasing market supply and the increasingly intense market competition in Hainan, The Ritz-Carlton, Sanya employed proactive marketing strategies and flexible pricing policies and maintained its price advantage and leading position in Yalong Bay amid the declining pricing environment. As of 31 December 2015, The Ritz-Carlton, Sanya recorded an average occupancy rate of 72.3% and an average room rate of RMB2,453 (31 December 2014: 70.0% and RMB2,661 respectively). As at the date of this report, The Ritz-Carlton, Sanya is 100% owned by the Group.

The Ritz-Carlton, Sanya	2015	2014
Average occupancy rate	72.3%	70.0%
Average room rate (RMB)	2,453	2,661
RevPAR (RMB)	1,772	1,864
Revenue from guest rooms (RMB million)	274.6	286.7
Revenue from food and beverage (RMB million)	95.2	97.5
Total revenue (RMB million)	387.0	402.5
EBITDA (RMB million)	148.5	162.7
Total basic management fees paid to the hotel manager (RMB million)	10.3	10.7
Total incentive management fees paid to the hotel manager (RMB million)	10.7	11.5
Contributions to furniture, fixtures and equipment reserve (RMB million)	16.5	17.1

Hilton Sanya Resort and Spa is Hilton International's very first global resort built in China. Situated at the Yalong Bay, the most enchanting gulf within South China Sea, Hilton Sanya Resort and Spa proudly presents eight outdoor swimming pools with various sizes, shapes and functions surrounded by the tropical landscape.

HILTON SANYA RESORT AND SPA

Situated at the enchanting Yalong Bay in Hainan Province, Hilton Sanya Resort and Spa offers 501 guest rooms, suites and villas as well as a 400-metre stretch of white sandy beach. This hotel is designed and built with unique features and services to provide a "unique resort experience", a concept embodying strong southern China's characteristics.

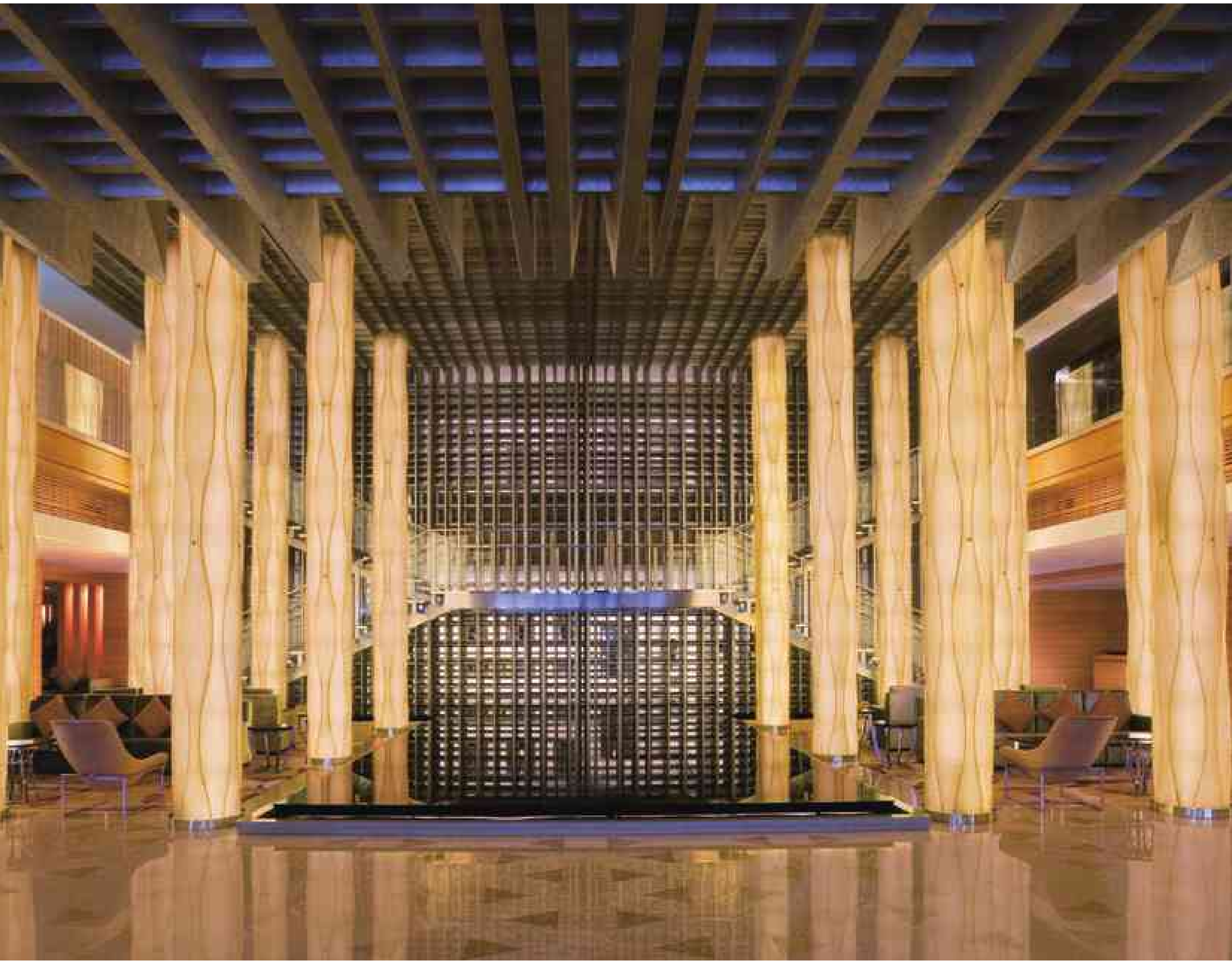
Until 2015, Hilton Sanya Resort and Spa has been operating for ten years and has received wide acclaim at home and abroad and from the media. In order to maintain the overall competitiveness of Hilton Sanya Resort and Spa, hotel rooms will be renovated and upgraded according to schedule and preliminary design of hotel rooms and supplier selection have been completed.

During the Review Period, in view of the increasingly fierce market competition, Hilton Sanya Resort and Spa actively adjusted its marketing strategies to overcome the impact of its renovations. The occupancy rate remained stable and market share has increased slightly year-on-year. It continued to stay ahead of its regional competitors. As of 31 December 2015, Hilton Sanya Resort and Spa recorded an average room occupancy rate of 68.7% and an average room rate of RMB1,433 (31 December 2014: 70.7% and RMB1,529). As at the date of this report, the Group owns 100% interest of Hilton Sanya Resort and Spa.

Hilton Sanya Resort and Spa	2015	2014
Average occupancy rate	**68.7%**	70.7%
Average room rate (RMB)	**1,433**	1,529
RevPAR (RMB)	**984**	1,081
Revenue from guest rooms (RMB million)	**166.8**	183.3
Revenue from food and beverage (RMB million)	**54.1**	59.7
Total revenue (RMB million)	**227.3**	250.6
EBITDA (RMB million)	**75.4**	97.7
Total basic management fees paid to the hotel manager (RMB million)	**3.4**	3.8
Total incentive management fees paid to the hotel manager (RMB million)	**6.5**	7.7
Contributions to furniture, fixtures and equipment reserve (RMB million)	**6.8**	7.5

The market supply in Sanya continued to grow in recent years and the market was increasingly competitive. In 2015, the average room rate has declined when compared with 2014, but the decline has eased compared to 2014. Sanya Airport expansion project will be completed in the recent years, which will effectively enhance the annual passenger volume, coupled with the completion of Hainan Western Ring High-Speed Railway in 2016, which will connect the Phoenix Airport in Sanya, Haikou railway station and Hainan East Ring Railway, the number of visitors will be further increased. Currently, the continuous increase in supply in Sanya market mainly concerns Haitang Bay. The supply and demand is more stable in Yalong Bay compared with Haitang Bay and thereby creating a different structure in customer source.

JW Marriott Hotel Shenzhen is located at the centre of the Futian Business District in Shenzhen and adjacent to Shenzhen Convention & Exhibition Centre and Shenzhen SDG Golf Club. With its magnificent design, incredible amenities, first-class services and excellent event organizing and catering, the hotel commits to provide a perfect and unforgettable experience for its guests.



JW MARRIOTT HOTEL SHENZHEN

JW Marriott Hotel Shenzhen is an international luxury hotel located at the centre of the Futian Business District in Shenzhen adjacent to Shenzhen SDG Golf Club. JW Marriott Hotel Shenzhen offers 411 hotel rooms (including 20 suites), each offering luxurious and contemporary accommodations and amenities.

During the Review Period, JW Marriott Hotel Shenzhen captured the market opportunities by endeavouring to optimise the customer mix and actively exploring the markets of corporate accounts and wedding events. The occupancy rate remained stable and the average room rate was influenced by the market and has dropped significantly. Despite this, market position remained stable. As of 31 December 2015, JW Marriott Hotel Shenzhen recorded an average occupancy rate of 78.8% and an average room rate of RMB1,028 (31 December 2014: 77.0% and RMB1,060). As at the date of this report, the Group owns 100% interest of JW Marriott Hotel Shenzhen.

JW Marriott Hotel Shenzhen	2015	2014
Average occupancy rate	78.8%	77.0%
Average room rate (RMB)	1,028	1,060
RevPAR (RMB)	811	817
Revenue from guest rooms (RMB million)	112.3	113.1
Revenue from food and beverage (RMB million)	60.4	57.1
Total revenue (RMB million)	180.6	177.7
EBITDA (RMB million)	50.5	47.7
Total basic management fees paid to the hotel manager (RMB million)	4.8	4.7
Total incentive management fees paid to the hotel manager (RMB million)	3.4	3.2
Contributions to furniture, fixtures and equipment reserve (RMB million)	7.6	7.2

As the youngest first-tier city, Shenzhen has remained relatively resilient despite the increasingly intense competition in hotel market, and demand continued to increase. Since 2011, the number of newly opened five-star hotels in Shenzhen has been decreasing year by year, market supply and demand remained stable and occupancy rate continued to grow. For the next few years, a large number of high-end hotels will be introduced to the market. It is anticipated that the average room rate might increase in the short term.

Grand Hyatt Lijiang is located at the heart of the Ancient Town of Lijiang and on the Yulong Snow Mountain with picturesque scenery and profound culture, and its design combines local Naxi ethnic architecture and the contemporary style. Guests will embrace the ever changing view of the snow mountain by the window, experience the sense of eternity and inner peace, and enjoy high quality holiday.

GRAND HYATT LIJIANG

Lijiang is known as a popular tourist destination in China and there are three world heritage sites in Lijiang, namely the Ancient Town of Lijiang, the "Three Parallel Rivers" of Yunnan Protected Areas and the Dongba Culture. Grand Hyatt Lijiang is currently being developed on three plots of land at Ganhaizi in Yulong County, Lijiang, which are located on the Yulong Snow Mountain, next to the Yulong Golf Course and Xiangjiang Road, respectively. The hotel in the urban area is situated at the plot of land at Xiangjiang Road and the hotel in the scenic area is situated at the two plots of land on the Yulong Snow Mountain and next to the Yulong Golf Course.

Grand Hyatt Lijiang is expected to be the only hotel within the scenic area of Yulong Snow Mountain and the design of the hotel rooms guarantees that more than 80% of the rooms would enjoy the magnificent view of Yulong Snow Mountain from different angles. Grand Hyatt Lijiang is expected to be developed into the highest altitude luxury resort hotel in China. The GFA of Grand Hyatt Lijiang is 84,384 sq.m., with 402 hotel rooms. On 28 September 2014, Grand Hyatt Lijiang in the urban area with 312 rooms commenced operation. The Mountain Lodge in the scenic area with 90 rooms commenced operation on 2 September 2015.

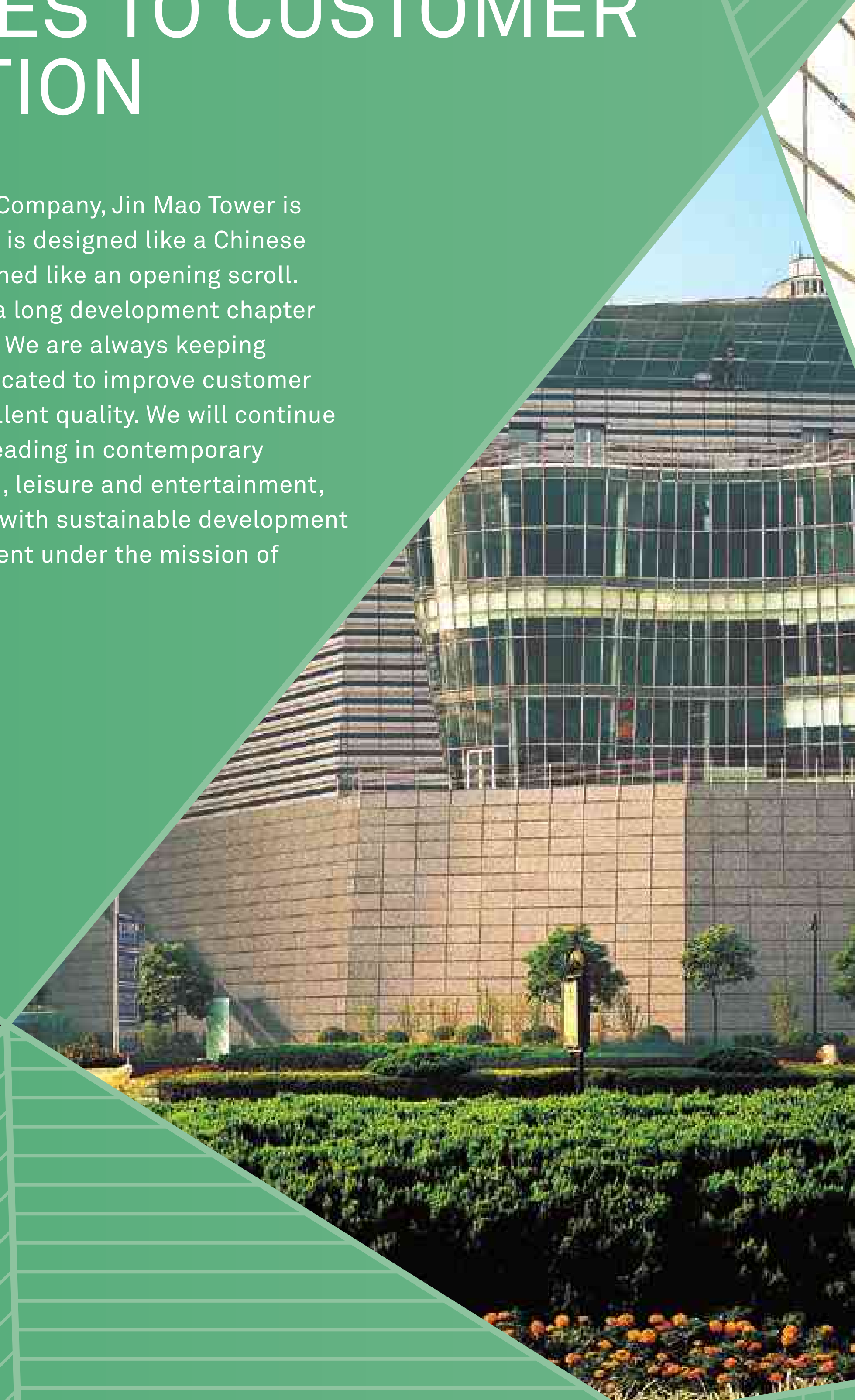
During the Review Period, the market share of Grand Hyatt Lijiang has improved year-on-year, as a hotel newly opened within two years, there is still much room for growth. As at 31 December 2015, Grand Hyatt Lijiang recorded an average occupancy rate of 37.9% and an average room rate of RMB867 (31 December 2014: 15.8% and RMB875). As at the date of this report, the Group owns 100% interest of Grand Hyatt Lijiang.

Grand Hyatt Lijiang	2015	2014
Average occupancy rate	37.9%	15.8%
Average room rate (RMB)	867	875
RevPAR (RMB)	329	139
Revenue from guest rooms (RMB million)	37.3	1.3
Revenue from food and beverage (RMB million)	20.4	1.4
Total revenue (RMB million)	61.5	2.8
EBITDA (RMB million)	(27.1)	(71.1)
Total basic management fees paid to the hotel manager (RMB million)	1.3	0.1
Total incentive management fees paid to the hotel manager (RMB million)	–	–
Contributions to furniture, fixtures and equipment reserve (RMB million)	–	–

According to the report of STR Global, from January to December in 2015, market demand for Lijiang hotels rose significantly, which far exceeded supply. The market supply and demand gradually improved and conference market experienced significant improvement. There was a favourable market trend. In the next few years, with the commencement of operation of Li-Ning high-speed railway and direct flight between Lijiang - Tengchong, Lijiang's position as a tourist destination and transit spot further enhanced.

PURSUIT OF HIGH-QUALITY PROPERTIES TO CUSTOMER SATISFACTION

Being the pioneer project of the Company, Jin Mao Tower is built along the river. The building is designed like a Chinese brush, while the podium is designed like an opening scroll. Such design symbolises writing a long development chapter with the water of Huangpu River. We are always keeping pace with the times and are dedicated to improve customer satisfaction and contribute excellent quality. We will continue to set a model for the industry, leading in contemporary hospitality in commerce, tourism, leisure and entertainment, and to create quality real estate with sustainable development and continuous value enhancement under the mission of operational excellence.

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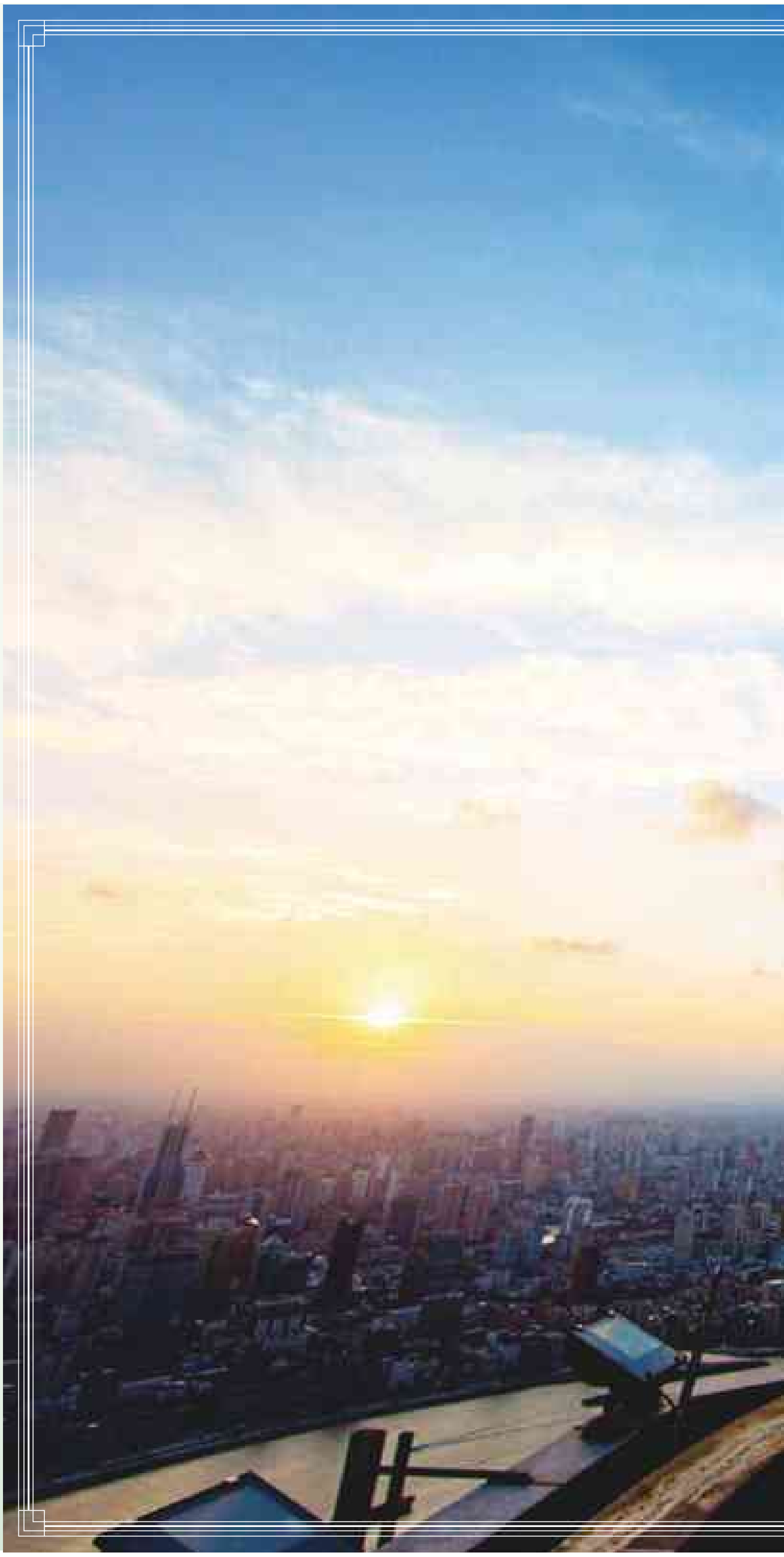
BUSINESS REVIEW – PROPERTY LEASING SEGMENT

Jin Mao Tower, built along the river, is located in the heart of Lujiazui Central Financial District, a major financial centre in Shanghai. The construction started in 1994 and completed in 1999. The 420.5-metre-high 88-storey tower has a total GFA of 292,475 sq.m., with 130 lifts and 555 hotel rooms. The tower comprises of modern offices, a five-star hotel, entertainment and retail space and other facilities. As a combination of Chinese pagoda form and Western architectural technologies, this intelligent high class building is designed by SOM Chicago, one of the largest American architectural firms. The iconic tower has become Shanghai's famous landmark, winning numerous awards at home and abroad including Best Structure Award Structural Engineers Association of Illinois, the First Prize of New China 50th Anniversary Shanghai Top 10 Classic Architecture Gold Awards and 20th International Union of Architects Creative Achievement Award.

The first two floors of Jin Mao Tower serve as the lobby, while the 3rd-50th floors are modern office space (including the evacuation floors on the 15th and 30th floors which contain non-rental areas). The 51st and 52nd floors are occupied by mechanical and electrical services, while the 53rd-87th floors are occupied by Grand Hyatt Shanghai. The observation deck at the 88th floor is a hot tourist attraction. Retail space of Jin Mao Tower includes a shopping complex Shanghai J • LIFE located inside the six-level podium which has a lobby and retail shops at the lower ground level.

As a pioneer project of the Group, enhancing functional capabilities and operational efficiency have always been the primary tasks of Jin Mao Tower. The Group's principal business has sustained organic growth through nurturing and strengthening its organisational capabilities for functionality and brand extension. The economic value of Jin Mao Tower has been established, and by realising its strategy of "Taking Root at and Reaching out from Jin Mao", it has further expanded the value of Jin Mao.

As at the date of this report, the Group owns 100% interest of Jin Mao Tower.



JIN MAO TOWER OFFICE

The 3rd-50th floors of Jin Mao Tower provide Grade A office spaces with a total GFA of approximately 137,121 sq.m. and a leasable area of 122,444 sq.m. There are five groups of 26 high-speed lifts, exclusively serving the office floors, which can comfortably transport guests in speed to their offices directly without the need to change lift. The design of 5-6 lifts for every ten floors ensures that the waiting time for guests during the rush hour will not be more than 35 seconds, providing convenient vertical transportation. Benefiting from its prime location and excellent services, Jin Mao Tower has become one of the most favored venues to well-known domestic enterprises, multinational corporations and international organisations for setting up their offices in Shanghai, including 22 Fortune 500 companies. Major tenants include finance and trading companies, law firms, consultancy firms and affiliated companies of the Group.

During the Review Period, seizing the favourable market conditions of a limited supply of new offices in Lujiazui financial and trade zone in 2015, Jin Mao Tower Office managed to get contract renewals and maintained a stable occupancy rate and a substantially increased average rent. The rental growth has attained a strong performance, during 2015, an area of 13,635 sq.m. was newly contracted and the average rent for the newly contracted area rose by 16% year-on-year, contributing to a 7% rise in the average rent of office during the period from end of 2014 to 31 December 2015. As of 31 December 2015, the Jin Mao Tower office has achieved an occupancy rate of 97.6% (31 December 2014: occupancy rate of 97.9%).

Jinmao Tower office	**2015**	2014
Occupancy rate	**97.6%**	97.9%
Revenue (RMB million)	**436.1**	386.8
EBITDA (RMB million)	**400.8**	333.7

Since 2016, there will be an increase in supply of office space in Shanghai, with the Shanghai Centre, Century Place and Century Metropolis being introduced to the market. Due to the fact that the office area at Shanghai Pudong Lujiazui district was close to its maximum capacity in the past two years, considerable leasing demand has been accumulated. This demand is expected to be met by the increased supply in 2016. From the perspective of customer structure, state enterprises, especially emerging domestic financial institutions will continue to be the main target customer, and such customers can afford a higher rent, which to a certain extent, has become an important force to stabilise the market. The rent level of competitors surrounding Jin Mao Tower have been increasingly setting a stable foundation for the overall development of market rent in 2016. In respect of the positioning of Jin Mao Tower, through renovation, upgrades in dining and other amenities and the operation of subway tunnels, the overall competitiveness of Jin Mao Tower has improved significantly, thereby enhancing its attractiveness to high-quality customers.

SHANGHAI J • LIFE

Shanghai J • LIFE, located on the six-level podium of Jin Mao Tower, occupies a GFA of 35,659 sq.m. and has a leasable area of 10,405 sq.m.. Tenants include retail stores, clinics, financial service providers as well as Chinese and western restaurants. The mall has become one of the lifestyle service centres in Pudong New District of Shanghai. During the Review Period, "Jin Mao J • LIFE" actively adjusted its business layout and optimised its tenant structure. As of 31 December 2015, Shanghai J • LIFE has achieved 100% occupancy rate (31 December 2014: occupancy rate of 98.2%), with 1% increase in the average rent year-on-year and it continued to maintain a market-leading position.

SHANGHAI J • LIFE	2015	2014
Occupancy rate	**100%**	98.2%
Revenue (RMB million)	**68.3**	55.0
EBITDA (RMB million)	**59.6**	42.4

Impacted by China's macro-economic conditions, the tenants of Shanghai J.LIFE are met with varying degrees of operation pressure. With the opening of Shanghai Centre and Plaza 96 Phase II in 2016, competition will become increasingly fierce.

OBSERVATION DECK, 88TH FLOOR, JIN MAO TOWER

The observation deck on the 88th floor of Jin Mao Tower, stands at a height of 340.1 metres. With an area of 1,520 sq.m., it is one of the first 4A tourist attractions in China. Standing atop and looking afar, visitors can enjoy a breathtaking cityscape view of the Huangpu River and panoramic view of the mouth of the Yangtze River. Visitors can also enjoy an upside down view of the atrium of Grand Hyatt Shanghai below, described by architects, scientists and writers as "Shared Space", "Golden Ring" and "Time Tunnel". Two high-speed express lifts, travelling at 9.1 metres per second, take visitors from the basement to the observation deck on the 88th floor in just 45 seconds. During the Review Period, the observation deck attracted 1,042.7 thousands domestic and overseas visitors, with a 12% increase year-on-year, and a 4% increase in average ticket price year-on-year (31 December 2014: 933.1 thousands visitors).

OBSERVATION DECK, 88TH FLOOR, JIN MAO TOWER	2015	2014
Visitors (thousands)	**1,042.7**	933.1
Revenue (RMB million)	**58.3**	48.9
EBITDA (RMB million)	**27.6**	20.0

The tourism market will show overall positive development in 2016, with the opening of Shanghai Disneyland on 16 June, the tourism market in Shanghai will achieve steady growth. Meanwhile, Skywalk, the first outdoor skyway project overseeing the skyscrapers in a city in China will be launched at the Observation Deck on the 88th floor of Jin Mao Tower and will be officially opened to the public during the year, the business performance of the Observation Deck on the 88th floor of Jin Mao Tower in 2016 will be very promising.

OTHER BUSINESSES

Our businesses also include property management services as well as taxi and car chauffeur services provided by our joint venture partners.

HEADING

Recasting glory

Through over ten years of professional management and operation, we have launched our strategic blueprint based on the domestic market and with a global outlook. Leveraging on our capital, branding, management and human resources, we will further increase our pace of business expansion. We are actively enhancing our strength in strategic innovation and continuously seeking improvement in operations. Our objective is to create a professional hotel asset management platform that leads in the domestic market and has an international standing. We will strive to discover and create new value in the industry.

FUTURE PROSPECTS

China's economy grew at its lowest pace in 25 years, with the economic situation being extremely grim and competition among high-star hotels competition in major cities across the country remaining fierce. However, it is a comfort to see that the domestic tourism industry still maintained a high growth business which supported hotel operations. Mobile Internet is showing explosive growth amidst a high-speed development, Chinese online tourism market is expanding rapidly, and the Chinese hotel industry has a bright prospect. Looking forward, as the domestic and overseas tourism economy continues to flourish, Shanghai, Beijing, Shenzhen, Sanya, Lijiang and other high-end luxury hotel markets will continue to prosper. As such, China will become one of the largest and most important hotel markets around the world and maintain a significant strategic status in the world. The Company will focus on hotel operations business as its core business, and focus on cultivating profit growth in asset-light businesses, in order to become a globally renowned and top-notch domestic hotel investor and operator.

The Group will leverage the Hotel Arrangements as described in the Prospectus. At the same time, the Group will actively identify high-end hotel properties in first-tier cities and tourist hot spots in China to further enhance the quality and size of its asset portfolio and fully capitalise on the market growth and asset value appreciation of its hotel properties.

We still devote ourselves to enhancing our services and management standards as well as operation efficiency. As the mobile internet continues to develop and smart phones become ever more popular, we will accelerate the integration of mobile internet into our traditional business. We will follow the customer consumption trends on a timely basis to provide convenient, fast and comprehensive services to satisfy consumer needs, attract more guests and achieve higher customer satisfaction, with the aim of building the most superior and leading hotel portfolio among our peers.

OVERALL FINANCIAL REVIEW

For the year ended 31 December 2015, profit attributable to Holders of Share Stapled Units amounted to HK$542.6 million, representing a decrease of 40% from HK$907.1 million for last year.

I. Revenue

For the year ended 31 December 2015, revenue of the Group amounted to HK$2,974.0 million, representing an increase of 8% from HK$2,761.1 million for last year, which was mainly attributable to the increase in revenue from property leasing and the revenue from the Newly Opened Hotels.

In 2015, the Group's revenue from property leasing was approximately HK$636.8 million, representing an increase of 12% as compared to last year, which was mainly attributable to the increase in rental of the leased properties. Revenue from hotel operations increased by 7% which was mainly attributable to the revenue growth brought by the Newly Opened Hotels. Revenue from others, primarily including the Observation Deck on the 88th floor of Jin Mao Tower and property management, dropped by 3% as compared to last year, which was mainly attributable to the decrease in revenue from property management.

	For the year ended 31 December				
	2015		2014		
	HK$ million	**Percentage of revenue (%)**	HK$ million	Percentage of revenue (%)	Annualised percentage change (%)
Property leasing	**636.8**	**21**	568.4	21	12
Hotel operations	**2,173.4**	**73**	2,023.4	73	7
Others	**163.8**	**6**	169.3	6	-3
Total	**2,974.0**	**100**	2,761.1	100	8

II. Cost of sales and gross profit margin

For the year ended 31 December 2015, cost of sales of the Group was approximately HK$1,307.1 million (2014: HK$1,207.8 million) and the overall gross profit margin of the Group in 2015 was 56%, which was basically the same as compared to that of 2014. During the period, the occupancy rate of the property leasing segment remained stable, the rental level increased and gross profit margin remained at a high level of 92% (2014: 92%). The gross profit margin of hotel operations was 47% (2014: 50%), which decreased slightly as compared to last year.

III. Fair value gains on investment properties

For the year ended 31 December 2015, fair value gains on investment properties of the Group amounted to HK$390.8 million, which comprised primarily the fair value gains of the office and retail portions of Jin Mao Tower.

IV. Other income and gains

For the year ended 31 December 2015, other income and gains of the Group amounted to approximately HK$157.5 million, representing an increase of 271% as compared to HK$42.4 million for last year, which was mainly due to the recognition of subsidies income resulting from the relocation of staff quarters of Hilton Sanya Resort and Spa.

V. Selling and marketing expenses

For the year ended 31 December 2015, selling and marketing expenses of the Group decreased by 35% to HK$174.6 million from HK$266.8 million for last year, which was mainly due to the decrease in the related pre-opening expenses of new hotels and the control on selling and marketing expenses related to operation. In addition to pre-opening expenses of hotels, selling and marketing expenses comprise primarily advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations.

VI. Administrative expenses

For the year ended 31 December 2015, administrative expenses of the Group amounted to HK$803.5 million, representing a decrease of 10% from HK$896.9 million in last year. Administrative expenses comprise primarily staff costs, depreciation of properties, urban real estate tax and property insurance expenses.

VII. Finance costs

For the year ended 31 December 2015, finance costs of the Group were HK$420.1 million, representing an increase of 12% from HK$374.4 million in last year, which was mainly because that 2014 was not a complete year for interest accrual of certain bank borrowings.

VIII. Income tax expense

For the year ended 31 December 2015, the Group had an income tax expense of HK$275.4 million, representing a decrease of 44% from HK$493.7 million in last year. The decrease in income tax expense was primarily due to the decrease in deferred tax expense resulted from the decrease in fair value gains on investment properties.

IX. Profit attributable to Holders of Share Stapled Units

For the year ended 31 December 2015, profit attributable to Holders of Share Stapled Units amounted to HK$542.6 million, representing a decrease of 40% as compared to HK$907.1 million in last year, mainly attributable to the decrease of fair value gains on investment properties. For the year ended 31 December 2015, net profit after tax attributable to Holders of Share Stapled Unites arising from fair value changes of investment properties of the Group amounted to approximately HK$293.1 million.

X. Property, plant and equipment

As at 31 December 2015, property, plant and equipment amounted to HK$8,903.7 million, representing a decrease of 3% from HK$9,210.3 million as at 31 December 2014. In 2015, the Company continued to invest in the renovation of Jin Mao Tower and hotel properties. The decrease was mainly attributable to foreign exchange adjustment for the financial statements, details of which is set out in Note 14 to the consolidated financial statements.

XI. Investment properties

As at 31 December 2015, investment properties mainly comprised Jin Mao Tower (the leaseable portion). Investment properties decreased from HK$10,257.3 million as at 31 December 2014 to HK$10,031.7 million as at 31 December 2015. The fair value gain from investment properties for the year amounted to HK$390.8 million. The decrease was mainly attributable to foreign exchange adjustment for the financial statements, details of which is set out in Note 15 to the consolidated financial statements.

XII. Trade receivables

As at 31 December 2015, trade receivables were HK$84.7 million, representing an increase of 62% from HK$52.2 million as at 31 December 2014, which was primarily due to the increase in rental receivables from leasing properties.

XIII. Trade payables

As at 31 December 2015, trade payables were HK$147.2 million, representing an increase of 17% from HK$125.8 million as at 31 December 2014, which was mainly due to the increase in payables from hotel operations.

XIV. Other payables and accruals

As at 31 December 2015, other payables and accruals were HK$1,238.8 million, representing a decrease of 7% from HK$1,326.7 million as at 31 December 2014, which was mainly due to the decrease in receipt in advance from hotel operations and construction fees payable.

XV. Interest-bearing bank and other borrowings

As at 31 December 2015, interest-bearing bank and other borrowings (including current and non-current) were HK$8,297.7 million, which was basically the same as HK$8,322.1 million as at 31 December 2014.

XVI. Gearing ratio

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less restricted bank balances and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2015 and 31 December 2014 were as follows:

	As at 31 December 2015 (HK$ million)	As at 31 December 2014 (HK$ million)
Interest-bearing bank and other borrowings (current and non-current)	**8,297.7**	8,322.1
Less: cash and cash equivalents	**(774.1)**	(1,105.6)
restricted bank balances	**(28.8)**	(23.4)
Net debt	**7,494.8**	7,193.1
Total equity	**8,328.3**	9,106.8
Add: amount due to related parties	**1,733.4**	1,784.4
Adjusted capital	**10,061.7**	10,891.2
Net debt-to-adjusted capital ratio	**74%**	66%

XVII. Liquidity and capital resources

The Group primarily uses its cash to fund working capital and daily recurring expenses of the property leasing and hotel operations, and the repayment of the Group's indebtedness. The Group has financed its liquidity requirements primarily through internal resources, bank and other loans and issue of mid-term notes.

As at 31 December 2015, the Group had cash and cash equivalents of HK$774.1 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2014: HK$1,105.6 million).

As at 31 December 2015, the Group had total interest-bearing bank and other borrowings of HK$8,297.7 million (as at 31 December 2014: HK$8,322.1 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2015 (HK$ million)	2014 (HK$ million)
Within one year	**2,303.7**	2,183.0
In the second year	**5,182.3**	44.3
In the third to fifth years, inclusive	**173.1**	5,346.9
Beyond five years	**638.6**	747.9
Total	**8,297.7**	8,322.1

Interest-bearing bank and other borrowings of approximately HK$2,303.7 million were repayable within one year shown under current liabilities. The Group's borrowings are denominated in RMB, HK dollar and US dollar. As at 31 December 2015, save as interest-bearing bank and other borrowings of approximately HK$1,771.3 million that bore interest at fixed rates, other interest-bearing bank loans and other borrowings of the Group bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2015, the Group had banking facilities of up to HK$11,028.2 million, which were all denominated in RMB, HK dollar and US dollar. The amount of banking facilities utilised was HK$8,297.7 million.

The Group's net cash outflow of HK$258.2 million for the year ended 31 December 2015 mainly consisted of:

1. A net cash inflow of HK$1,353.8 million from operating activities, which was mainly attributable to property rental income and net revenue from hotel operations.

2. A net cash outflow of HK$677.7 million from investing activities, which was mainly attributable to the renovation expenditure for Renaissance Beijing Wangfujing Hotel and expenditure on Grand Hyatt Lijiang.

3. A net cash outflow of HK$934.4 million from financing activities, which was mainly attributable to the payment of distributions, the repayment of bank loans and payment of loan interest.

XVIII. Pledge of assets

As at 31 December 2015, the Group's interest-bearing bank loans which were secured by hotel properties of the Group amounted to approximately HK$522.2 million.

XIX. Contingent liabilities

Details of the Group's contingent liabilities as at 31 December 2015 are set out in note 30 to the consolidated financial statements of the Trust Group.

XX. Capital commitments

Details of the Group's capital commitments as at 31 December 2015 are set out in note 32 to the consolidated financial statements of the Trust Group.

XXI. Market risk

The Group's assets are predominantly in the form of investment properties and hotel assets. Our business and operating results are subject to global and PRC economic conditions, the regulatory environment affecting the hospitality industry in the PRC and customer demand in the cities where we operate.

XXII. Interest rate risk

The Group is exposed to interest rate risk resulted from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. An increase in interest rates will increase the interest expense relating to the Group's outstanding floating interest rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. The Group does not currently use any derivative instruments to manage the interest rate risk.

XXIII. Foreign currency exchange risk

Substantially all of the Group's revenue and costs are denominated in RMB. The Group reports its financial results in HK dollar. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. The Group has not currently engaged in hedging to manage its foreign currency exchange risk. To the extent the Group decides to do so in the future, the Group cannot assure that any future hedging activities will protect the Group from fluctuations in exchange rates.

XXIV. Employees and remuneration policies

As at 31 December 2015, the Group employed 4,242 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including retirement schemes, medical insurance schemes, accident insurance schemes, unemployment insurance schemes, maternity insurance schemes and housing benefits. The Group's salary levels are regularly reviewed against market standards.

XXV. Share option scheme

During the Review Period, the Group had no share option scheme.

XXVI. Material acquisitions and disposals

During the Review Period, no material acquisition or disposal was carried out by the Group.

INVESTOR RELATIONS REPORT

INVESTOR RELATIONS ACTIVITIES IN 2015

March

- Announcement of 2014 results and results presentation
- Participation in non-deal roadshows in Hong Kong
- Participation in the 15th China Hotel Global Forum

August

- Announcement of 2015 interim results and results presentation
- Participation in non-deal roadshows in Hong Kong

September

- Participation in non-deal roadshows in Singapore
- Participation in CHAT Pioneer Hotel Industry Summit

November

- Participation in the investors meeting in Hong Kong held by Jefferies
- Participation in the 2015 Marriot Owners Meeting

December

- Participation in the Hotel Investors Association of China Real Estate Chamber of Commerce

COMMUNICATION WITH HOLDERS OF SHARE STAPLED UNITS

The Boards and senior management of the Company recognise their responsibility to represent the interests of all Holders of Share Stapled Units. Communication with Holders of Share Stapled Units and accountability to Holders of Share Stapled Units is a high priority of the Company.

To enhance its transparency, the Company is committed to communicating its information to investors and other stakeholders through various channels in a timely and accurate manner to enable investment decision-making by existing and prospective investors. Furthermore, the Company believes that effective and adequate communication would allow us to receive suggestions from investors including our strategic positioning, project development which would enable the Company to adequately consider the potential impact of the market in the decision-making process.

The Company mainly provides information to the shareholders through the following means: the Company has preliminarily established diversified communication channels with its investors so as to update the investors with the latest information concerning the Company in a convenient and expeditious manner:

- The annual reports and interim reports of the Company will be delivered to the Holders of Share Stapled Units and investors as well as the analysts who pay attention to the performance of the Company in accordance with the Listing Rules.

- The Company held its interim annual results presentation to announce its results and outlook and respond to investors and the media's inquiries.

- It maintained good communication and exchanges with investors through investor hotlines, email and results presentation. It handled queries from investors conscientiously and kept relevant records to convey investors' concerns and views to its management in a timely manner.

- The Directors and the management of the Company had attended regular meetings with securities analysts and investors, securities analyst briefings, investor group briefings, overseas roadshows and investor conferences.

- It set up an online investor relations data management platform to gather information relating to investor relations management from within the PRC and from overseas in a methodologically effective and timely manner, including archives relating to receiving and communicating with investors, analysts and media.

Holders of Share Stapled Units may at any time direct their written enquiries about Jinmao Investments and the Company to the Trustee-Manager Board and the Company Board to the Company's principal place of business in Hong Kong or by email to investors@jinmao88.com.

FEEDBACK FROM INVESTORS

As Jinmao Investments and the Company were jointly listed by way of a business trust, which was regarded as a relatively new method of listing, investors were generally interested in key issues such as the Distribution Guarantee and the stability of the results of the Company. The Company addressed such queries from investors based on the disclosure in the Prospectus.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

The Company will further enhance the investor relations management platform, to improve the efficiency and increase the transparency of its information disclosure to ensure that all investors will be able to promptly and fairly obtain relevant information of the Company, while complying with the Listing Rules and the applicable laws.

INVESTOR ENQUIRIES

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Email: investors@jinmao88.com

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2015, the Company fulfilled its social responsibility and achieved its sustainable growth by carrying out practical actions. Focusing on the integration of social responsibility with corporate strategy, operation and corporate culture, the Company paid more attention to the demand of stakeholders. Oriented by the issues, the Company focused on key topics such as environmental friendliness, protection of customers' interests, responsibility in the supply chain, environmentally friendly procurement and protection of employees' legal rights and interests, so as to be responsible to the stakeholders such as employees, consumers, the environment and the society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We will continue to put the philosophy, strategy and methods of corporate social responsibility into practice, continuously pay attention to and assess the direct and indirect effect of our operations on economy, environment and society, collate and summarise the satisfactory and unsatisfactory results and report to the stakeholders in a timely manner.

Looking forward, the Company will continue to take the performance of social responsibility as the top priority of the enterprise, make further improvements on professionalisation and refinement, make distinguished and outstanding achievements in the performance of social responsibility, foster a good and healthy image for the further development of the Company, play a demonstration role in the performance of social responsibility and build up a respectable corporate image.

A. ENVIRONMENT

During the course of providing quality services, we also adopt a series of measures to minimise the impact on environment and strive to save energy and reduce emissions so as to continuously enhance the Company's contribution to environment management.

Organisational structure and management model

The Company and hotel management team have established a dedicated energy management team to conduct periodic analysis on the source of energy, provide suggestions on improvement, carry out energy management and promote the implementation of various energy saving measures.

Promotion of energy saving projects

For key projects, the Company engages third-party companies to conduct energy audit, provide suggestions on improvement and technical proposals and select third-party companies through a bidding process and enter into contracts to carry out energy saving projects. By the end of 2015, the Company has finished three contractual energy management projects. Over RMB11 million of energy cost can be saved annually, accounting for 4.7% of the total energy cost in the hotel operations segment of the Company. By promoting the projects, we have summarised and formulated the "Guidance on Implementation of Contractual Energy Management Projects" to ensure the steady improvement of energy saving projects.

Energy consumption and pollutant emission

In 2015, the details of energy consumption and pollutant emission of the Company's hotels (including Jin Mao Tower) are as follows:

Jinmao Hotels (including Jin Mao Tower)	2015[1]	2014[1]
Electricity (KWH)	**125,057,364**	116,321,156
Natural gas(M3)	**6,179,618**	5,222,591
Heat (GJ)	**34,618**	27,303
Water (T)	**2,095,779**	1,951,662
Standard coal (T)	**26,485**	23,805
Wastewater (T)	**1,886,201**	1,756,496

(1) The statistics cover the 8 operating hotels and Jin Mao Tower in the Company's property portfolio. Hyatt Regency Chongming was opened in March 2014, Renaissance Beijing Wangfujing Hotel was opened in August 2014 and Grand Hyatt Lijiang was opened in September 2014. As such, certain figures in 2015 had increased as compared to those in 2014.

Key performance indicators

The statistics are based on the total energy consumption of each hotel (including Jin Mao Tower)/number of room nights of each hotel:

	2015	2014
Total number of room nights	821,976	680,407
Electricity (KWH/room night)	152.14	170.96
Natural gas (M^3/room night)	7.52	7.68
Water(T/room night)	0.04	0.04

Awards and honours

Jin Mao Tower was awarded LEED-EB Gold Certificate, Hyatt Regency Chongming was awarded the three-star green building design label certificate, Renaissance Beijing Wangfujing Hotel was awarded the one-star green building design label certificate, the urban area of Grand Hyatt Lijiang was awarded the two-star green building design label certificate, the Mountain Lodge (the extension of Grand Hyatt Lijiang) was awarded the three-star green building design label certificate.

1) *Grand Hyatt Shanghai*:

- New Leader Among Green Business Hotels in Asia (2010)
- Excellence in Environmental Sustainability Award (2013)

2) *The Ritz-Carlton, Sanya*

- China's Outstanding Green Hotel (2010)
- China's Green Hotel-Gold Leaf Level (2010)
- Top Prize in Energy Saving in Asia Pacific Area (2014)

3) *JW Marriott Hotel Shenzhen*

- Best Green Hotel of China (2010)

4) *Jin Mao Tower*

Best Tall Building Award Finalist-Performance Award

Council of Tall Building and Urban Habitat (CTBUH) is a non-profit organisation located at Illinois Institute of Technology in Chicago and the world's most authoritative organisation in ranking of tall buildings. In October 2014, Jin Mao Tower was awarded the Best Tall Building Award Finalist-Performance Award by CTBUH, and was also included in the database of skyscrapers for inquiry by scholars and engineers from all over the world. Its free database of tall buildings provides daily updates on the details, pictures, information and news on such buildings.

LEED-EB Gold Certificate

In 2013, Jin Mao Tower was awarded LEED-EB Gold Certificate, and became the tallest existing building and the building which holds such award for the longest duration in China.

LEED Certificate is the authentication by an independent third party for green energy saving buildings. Buildings that pass the LEED authentication are deemed to be the real green energy saving buildings. "LEED Authentication" also sets a standard for green energy saving buildings, which indicates that the construction market of China has developed into a new stage. Meanwhile, sustainable development will gradually become the pre-requisite of quality office premises.

Passing the LEED authentication is very challenging for existing buildings. Since Jin Mao Tower started to apply for the LEED-EB Gold Certificate, all parties worked together to finish various tasks, including preliminary investigation, conducting research, building renovation and reviewing application documents. To gain the LEED-EB certificate, the Company has overcome difficulties and challenges and has completed a wide range of upgrades and modification, such as modifying 439 toilets. During the process of preparing for the authentication, Jin Mao Tower received recognition from two international authorities—the USGBC from the US and GBCI.

B. SOCIETY

Employment

We regard employees as our most valuable asset and encourage our employees to adhere to the principle of "Honesty, teamwork and good at learning; be serious at work, innovative, and strive for excellence". We are people-oriented and enhance both of our corporate value and employee value through systematic management and standardised services. Therefore, we create a good environment for our employees and provide competitive salaries and other benefits.

We always attach great importance to the recruitment of outstanding personnel. In accordance with our corporate policies, we have strengthened our evaluation and performance assessment. We have continued to review the Company's human resource needs and have improved the productivity of our employees. Gender, age, races and religions as well as regions do not influence employee recruitment and promotion. In order to create a fair environment for our employees, we improve employee diversity by employing talents of different gender, age, races and regions.

In 2015, there were no strikes, work stoppages or other incidents which had material adverse impact on the Group's business or operations. As a result, we were named the "Model Organisation in Harmonious Labour Relations" of the Pudong New Area, Shanghai.

As of 31 December 2015, the Company has 4,242 full-time employees, which comprise 2,382 male employees and 1,860 female employees. Of all the employees, 1,846 are aged 30 or below, 2,057 are aged between 30 to 50 and 339 are aged 50 and above.

The overall staff turnover ratio of the Company was 32.76%.

Career development and training

In 2015, in view of the Company's corporate strategic development and in accordance with our comprehensive staff training management standards, the Company supported employees to enhance relevant knowledge and skills to improve their work capabilities. The Company has established a training system and a career development mechanism in line with the Company's business, and has been continuously improving the career development and study platform based on the core principle of "focusing on capability improvement and talent team building". The 2015 staff training highlights included knowledge management projects and talent team building projects. During the implementation of the projects, the company focused on cultivating corporate culture, team building and improving its organisational capability in order to facilitate the Company to reach its strategic targets and meet its operating management requirements.

For the year ended at 31 December 2015, the number of senior and mid-level management members who received the Company's training accounted for 1.6% and 16.97% of the total number of employees, respectively, leading to an average training time of 18.81 hours per person.

The Company complied with relevant laws and regulations and did not employ any child labour or forced labour.

Health and Safety

The Company is subject to a comprehensive range of laws and regulations relating to safe production, including the Production Safety Law of the PRC (《中華人民共和國安全生產法》), the Fire Protection Law of the PRC (《中華人民共和國消防法》), the Food Safety Law of the PRC (《中華人民共和國食品安全法》), the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Fire Prevention Code for Architecture Design (《建築設計防火規範》) and Provisions on the Administration of Fire Control Safety of State Organs, Organisations, Enterprises and Institutions (《機關、團體、企業、事業單位消防安全管理規定》).

The internal HSE (Health, Safety and Environment) Management Standards of the Company explains the structure of the Company's HSE management system and describes all the elements of the HSE Management System in detail. To control HSE risk, the Company has established and kept a documented HSE management system, formulated HSE directions, goals and standards, and also implemented control procedures and other procedures.

In 2015, the Company organised a series of activities, including carrying out HSE benchmark management, improving behaviour-based safety, identifying hazard and eliminating perils. In both the first and second half of the year, the Company conducted comprehensive safety inspections for all departments, and fostered corresponding departments to formulate adjustment plan to solve specific problems. The Company followed up on the process of adjustment to ensure that all problems and perils were solved and eliminated effectively. During the year, the Company incurred no safety accidents. In 2015, there was no work-related death or injuries.

The Company's general manager leading the HSE inspection team

Supply chain management

The main feature of the Company's supply chain is that different hotel management groups are authorised to manage our different hotels, respectively, which means that the procurement departments of the management groups are responsible for daily purchasing, while the Company's supply chain is not responsible for specific purchases and is only supervising the procurement activity. Based on this feature, the Company has developed a supply chain with its own features.

Supply chain platform and information analysis system

The Company's supply chain platform was put into use in October 2007, which was nine years ago. Developed in accordance with the Company's own features, the platform connects different purchase systems such as SCALA, MC, SCM, BBS of large hotel management groups including Hyatt, Marriot, Starwood and Hilton, sharing information of suppliers and procurement among hotel management groups and purchase managers who will use such information for enquiry, quotation and online pricing. The platform, by establishing a procurement information central database, will become the centre of supplier management, procurement pricing and procurement information, thus realising the scale advantage of procurement, improving purchase efficiency and increasing the brand value of the Company.

The Company, based on the supply chain platform, has used information from the database and developed an information analysis platform, which could analyse information from multi-dimensions including process compliance, expense distribution, suppliers, and cost control of purchase activities. With online access, the analysis is made available to hotels' management members and procurement managers. In 2015, despite the rising food consumer price index, the purchase price level of the Group's hotels was lower than the same period last year while ensuring the purchase quality was kept unchanged.

Product Responsibilities and Customer Relationships

Hotel customer relationship management

The Company ensures its service quality mainly by monitoring online customer satisfaction and mystery customers from brandwisdom.com (慧 評 網). In 2015, the Company partnered with brandwisdom.com, the first hotel industry data platform by adding all of its hotels to brandwisdom.com's online rating system. By closely monitoring the customer satisfaction rating, the Company discovers problems and finds solutions based on customer comments, and urges corresponding department of the hotel to upgrade and modify the business, thus improving customer satisfaction. The Company also cooperates with Bare International to conduct mystery customer investigation twice both publicly and secretly. Suggestions to each customer service area and improvements were given, urging each hotel to provide their adjustment plan.

Consumer information protection and privacy policy

The hotel properties of the Company are currently under hotel management agreements with international hotel managers (Marriot, Starwood, Hilton and Hyatt). All hotel employees have signed customer privacy protection agreements when they are employed, and during the effective period of their employment contracts, the words and deeds of the employees are subject to legal regulations. Human resources department of the hotel will organise regular training to strengthen the privacy protection awareness of their employees. Meanwhile, each hotel will set up barriers to certain facilities and equipments that have access to the Internet, to prevent leakage of hotel customers' private information due to internet virus.

Intellectual property protection

All the eight hotel properties of the Company are currently under hotel management agreements with international hotel managers (Marriot, Starwood, Hilton and Hyatt). As the property owner, the Company uses hotel brands in strict compliance with the hotel management agreements. Since its incorporation, the Company did not have any intellectual property litigation.

Jin Mao Tower Office

In order to realise its established goal, Jin Mao Tower Office formulated the property management standards that applied to the whole process of property service, operation and management in a systematic way by combining various provisions of quality management, environment management and occupational health and safety management. A standard system is established for systematic management. With the effect of such a system, the standards of all property management and service departments can be put into practice with efficiency.

Observation Deck, 88th Floor, Jin Mao Tower

The Observation Deck on the 88th Floor of Jin Mao Tower is functioned as a sightseeing destination serving domestic and overseas visitors. In January 2001, the Observation Deck was selected to be the 4A (AAAA) tourist attraction, the highest level tourist attraction with the approval of National Tourism Administration. The Company analyses the existing and potential unqualified factors in service management system for the Observation Deck on the 88th Floor of Jin Mao Tower according to ISO9001:2008 standards and corrects and prevents the formulation, implementation and verification measures to be taken.

Community investment and anti-corruption construction

The Company has been attaching great importance to social responsibility and charity work, dedicating to be a sunshine corporate citizen.

Our hotels organise "blue ribbon" ("藍絲帶") beach cleaning campaigns regularly for years, spending efforts to build a cleaner and more beautiful Yalong Bay for tourists. The Company organised "non-remunerated blood donation for the health of others and ourselves" ("無償獻血，維繫你我健康"), guide its employees to pay attention to the society and livelihood so as to enhance their awareness of social responsibility. The Company participated in activities held in Sanya for the "8th June, World Oceans Day", illustrating our will in ocean protection. The Company also held a charity auction gala, and all the auction income was donated to mentally disabled children's welfare centre. Furthermore, the Company organised its employees to visit nursing home, and to show love and care to the elderly.

During the Boao Forum, the hotels of the Group fully supported the conference and made great contribution to the success of the conference, receiving recognition and compliments from the forum organiser and local governments. Besides, the Company and airline companies work together to look for innovative ways of performing social responsibility and explore methods to improve service quality. The Sightseeing Tour Division of the Company was honoured with the title of "Youth Civilisation Unit of State-owned Enterprise" from State-owned Assets Supervision Administration Commission after inspection. The Company continues to build up its social and brand image.

In terms of building a sunshine corporation, the Company focuses on corruption risks, honest practices and control and continues to enhance basic management. The Company has established an email address for complaints, which is a further step to establish the discipline inspection regime. By the execution of Honest Practice Commitment, Family Anti-corruption Commitment and Sunshine Practice Agreement, we have established the regime of corruption prevention. Therefore, the Company's operation activities of all respects are in line with the principle of "Fairness, Justice, Publicity and Honesty".

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. LI Congrui

Non-executive Director
Assuming the role and duties of the Chairman

Mr. LI Congrui, aged 45, was appointed as the non-executive Director of the Trustee-Manager and the Company on 25 March 2014. He has been the Vice President of China Jinmao since April 2009, the executive director of China Jinmao since June 2011, the executive director and Chief Executive Officer of China Jinmao since January 2013, and the director of China Jin Mao (Group) since February 2013, and the chairman of China Jin Mao (Group) since November 2015, respectively. He also holds positions in a number of subsidiaries of China Jinmao, including the chairman of Sinochem Franshion Properties (Beijing) Co., Ltd., and a director of Jinmao Investment (Changsha) Co., Ltd. and Jinmao Investment Management (Shanghai) Co., Ltd.. Mr. LI joined Sinochem Group in 1997, and held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corporation. From 2003 and prior to joining China Jinmao in 2009, he has been the director and the general manager of Zhoushan State Oil Reserve Base Company Limited (舟山國家石油儲備基地有限責任公司). Mr. LI has over 10 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large-scale project construction.

Mr. LI graduated from the Petroleum Department of China University of Geosciences (Wuhan) with a bachelor's degree in petroleum geology and exploration in June 1994. He obtained a master's degree in petroleum development from the Research Institute of Petroleum Exploration & Development in 1997 and an executive master's degree in business administration from China Europe International Business School (CEIBS) in 2007.

Mr. ZHANG Hui

Executive Director and Chief Executive Officer

Mr. ZHANG Hui, aged 45, was appointed as the Chief Executive Officer and the sole executive director of the Trustee-Manager and the Company on 25 March 2014. He is responsible for the operation and management of the Group. He has also been a director and the general manager of China Jin Mao (Group), since January 2010. He joined Sinochem Group in 2002 and held a number of senior positions including general manager of Shanghai Orient Terminal Co., Ltd.. He had been the Vice President of China Jinmao from January 2010 to July 2014. Before joining Sinochem Group, he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation from 1995 to 2002. Mr. ZHANG has approximately 20 years of experience in large-scale project development and management, project investment planning and corporate governance.

Mr. ZHANG graduated from China University of Geosciences with a bachelor's degree in oil and gas reservoir engineering in June 1995 and obtained a master's degree in business administration from China Europe International Business School in September 2008. He obtained the Professional Certificate of Specialty and Technology as a senior economist from Sinochem Group in December 2011. He is now a delegate in the 14th Session of the Shanghai Municipal People's Congress.

Mr. JIANG Nan

Non-executive Director

Mr. JIANG Nan, aged 42, was appointed as the non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Mr. JIANG joined China Jinmao in 2006 as the Chief Financial Officer and has been involved in the day-to-day management of China Jinmao such as accounting and financing, capital market, investor relations, and the guidance and management of strategy and budget assessment. He was appointed as an executive director of China Jinmao in August 2015. Mr. JIANG joined Sinochem Group in August 1995 and worked in the Finance Department from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong from August 2002 to January 2006, responsible for financial management and investment affairs, and operation of the overseas funds of Sinochem Group. He served as the executive director of China Jinmao from 2007 to 2011 and has been the director of China Jin Mao (Group) since December 2008. Mr. JIANG has approximately 20 years of experience in corporate finance and accounting management.

Mr. JIANG graduated from China Institute of Finance with a bachelor's degree in finance in July 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Accounting Qualification Certificate in 1999. He is now a member of the Association of International Accountants (AIA).

Dr. CHEN Jieping

Independent non-executive Director

Dr. CHEN Jieping, aged 62, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. CHEN is an independent non-executive director of Shanghai DragonNet Technology Co., Ltd. (stock code: 300245) and Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285), which are companies listed on the Shenzhen Stock Exchange, an independent non-executive director of Industrial Securities Co., Ltd. (stock code: 601377), which is a company listed on the Shanghai Stock Exchange. Dr. CHEN is also an independent non-executive director of iOne Holdings Limited, which is a company listed on the Stock Exchange (stock code: 00982).

Dr. CHEN has over 15 years of experience in accounting. He is currently the Associate Dean, Director of the EMBA Program and a Professor of the China Europe International Business School. Dr. CHEN was the Head of the Department of Accountancy of the City University of Hong Kong from 2005 to 2008.

Dr. CHEN obtained a bachelor's degree in Science and a master's degree in hospitality management, respectively, from the University of Houston in August 1990. He obtained a master's degree in business administration from the University of Houston in May 1992 and a doctoral degree in business administration from the University of Houston in August 1995.

Dr. CHUNG Shui Ming Timpson

Independent non-executive Director

Dr. CHUNG Shui Ming Timpson, GBS, JP, Dssc (Hon), aged 64, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. CHUNG is an independent non-executive director of China Unicom (Hong Kong) Limited (stock code: 0762), Glorious Sun Enterprises Limited (stock code: 0393), Miramar Hotel and Investment Company Limited (stock code: 0071), China Overseas Grand Oceans Group Limited (stock code: 0081), China Everbright Limited (stock code: 0165), Henderson Land Development Company Limited (stock code: 0012), China Construction Bank Corporation (stock code: 0939), which are companies listed on the Main Board of the Stock Exchange, and China State Construction Engineering Corporation Limited (stock code: 601668), which is a company listed on the Shanghai Stock Exchange. Dr. CHUNG was an independent non-executive director of China Everbright Bank Company Limited (stock code: 601818), which is a company listed on the Shanghai Stock Exchange, and Nine Dragons Paper (Holdings) Limited (stock code: 02689), which is a company listed on the Main Board of the Stock Exchange.

Dr. CHUNG is well-versed in accounting, finance and financial and corporate management and has over 30 years of experience in accounting and corporate management. Dr. CHUNG was the Audit Supervisor of Coopers & Lybrand, the Chairman of the Hong Kong Housing Society and the Chief Executive Officer of Shimao International Holdings Limited.

Dr. CHUNG graduated from the University of Hong Kong with a bachelor's degree in science in November 1976. Dr. CHUNG obtained a master's degree in business administration from the Chinese University of Hong Kong in October 1987 and was awarded Honorary Doctoral Degree in Social Science by the City University of Hong Kong in November 2010. Dr. CHUNG is also a fellow member of the Hong Kong Institute of Certified Public Accountants.

Dr. XIN Tao

Independent non-executive Director

Dr. XIN Tao, aged 59, was appointed as the independent non-executive Director of the Trustee-Manager and the Company on 9 June 2015. Dr. XIN is the consultant to China World Hotel of China World Trade Center Company Limited (中國國際貿易中心有限公司). Dr. XIN has over 30 years of experience in hotel management. From 1983 to 1988, she was the deputy director of the Food and Beverage Department at Beijing Jinglun Hotel. From 1988 to 2014, Dr. XIN was the deputy general manager at China World Hotel and Traders Hotel Beijing of China World Trade Center, the deputy general manager at China World Summit Wing of China World Trade Center, the general manager at Traders Hotel Beijing of China World Trade Center, and the assistant to the general manager at China World Trade Center Company Limited, respectively. Dr. XIN also served various social positions, such as the adviser to China Tourist Hotel Association (中國旅遊飯店業協會), the chairwoman of the board of supervisors of Beijing Tourism Industry Association (北京旅遊協會), the accommodation expert for Beijing 2008 Olympic Summer Games, the accommodation expert for Beijing 2022 Olympic Winter Games Bid Committee and the visiting professor at the Tourism Institute of Beijing Union University.

Dr. XIN graduated from Beijing Tourism Institute (currently named as Tourism Institute of Beijing Union University) with a bachelor's degree in economics in tourism management in 1983. She obtained a master's degree in business administration from the Faculty of Business of Hull University, UK in 1998. She obtained a doctoral degree in engineering from the Faculty of Information and Electronic Engineering of the South China University of Technology in 2003.

SENIOR MANAGEMENT OF THE GROUP

Mr. MENG Yongchu

Mr. MENG Yongchu, aged 59, is the Board Secretary of the Group and the Union President and secretary of discipline committee of China Jin Mao (Group), Director of Jin Mao Hainan Investment Company Limited, Jin Mao Sanya Tourism Company Limited Company Limited and Jin Mao Shenzhen Hotel Investment Company Limited. Mr. MENG joined China Jin Mao (Group) in 2003 and has held various senior positions, including Head of Board Office and the Head of the General Manager Office. He has approximately 22 years of experience in corporate management.

Mr. MENG received a college diploma from East China Normal University in January 1991 and obtained an executive master's degree in business administration from Arizona State University W.P. Carey School of Business in May 2009. He also completed the Executive Master of Business Administration Program (Service Track) and received the CFO Qualifying Training Certificate from Shanghai National Accounting Institute in July 2009.

Ms. ZHANG Runhong

Ms. ZHANG Runhong, aged 38, is the Head of Finance of the Group and the Head of Finance of China Jin Mao (Group). She joined China Jin Mao (Group) in 2003 and held a number of positions in its subsidiaries including deputy finance director of Shanghai Grand Hyatt and The Ritz-Carlton, Sanya. Ms. ZHANG has approximately 13 years of experience in financial analysis and management.

Ms. ZHANG is also a director of Shanghai Property Management, Shanghai Jin Mao Jin Jiang Automobile Service Company Limited, Jin Mao Hainan Investment Company Limited, Jin Mao Sanya Tourism Company Limited, Beijing Jin Mao Real Estate Company Limited, Jin Mao Shenzhen Hotel Investment Company Limited, Wangfujing Hotel Management Company Limited, Li Long (Shanghai) Hotel Management Company Limited and Shanghai Jin Mao International Cruising-Yacht Company Limited, a company held as to 23% by China Jinmao.

Ms. ZHANG graduated from Shanghai University of Finance and Economics with a bachelor's degree in international accounting in June 2000 and obtained a master's degree in accounting from Shanghai University of Finance and Economics in February 2003. She is a holder of the Certificate of Certified Public Accountants.

Mr. TANG Yong

Mr. TANG Yong, aged 47, is an assistant to the general manager of the Group and of China Jin Mao (Group) and the general manager of the Human Resources Division of the latter. Mr. TANG joined China Jin Mao (Group) in May 2000 and has held a number of positions in its subsidiaries including assistant to the general manager and deputy general manager of the Human Resources Division, director of the Administration and Human Resources Division of Shanghai Property Management, deputy general manager and general manager of the Technical Support Division of Shanghai Property Management. From 1991 to 2000 before joining China Jin Mao (Group), Mr. TANG has worked at Shanghai Crane & Conveyor Works Co., Ltd.. He has approximately 24 years of experience in corporate governance and human resources management.

Mr. TANG is also a director of Shanghai Property Management and Shanghai Jin Mao Jin Jiang Automobile Service Company Limited.

Mr. TANG graduated from Shanghai University in July 1991 with a bachelor's degree in history. He is the holder of the title of political engineer and the Human Resources Management Practitioner Qualification Certificate.

Mr. ZENG Fei

Mr. ZENG Fei, aged 38, is an assistant to the general manager of the Group and of China Jin Mao (Group). Mr. ZENG joined Sinochem Group in June 2004 and has held a number of positions, including staff at Operation Division of Sinochem International Oil Corporation, deputy manager to the CEO of Sinochem. From August 2009 to February 2016, he has been the deputy general manager of the General Affairs Department, the deputy officer in the office of general manager (chaired) and the officer in the office of the general manager of China Jinmao. Mr. ZENG has approximately 11 years of experience in corporate governance.

Mr. ZENG is also a director of Shanghai Jin Mao Jin Jiang Automobile Service Company Limited.

Mr. ZENG graduated from Peking University in July 2001 with a bachelor's degree in international relations. He also held a master's degree in international relations from the said university in June 2004.

Mr. ZHANG Wei

Mr. ZHANG Wei, aged 40, is an assistant to the general manager of the Group and of the China Jin Mao (Group). Mr. ZHANG joined China Jin Mao (Group) in July 1998 and had held a number of positions in China Jin Mao (Group) and its subsidiaries including assistant to the general manager of the Office Building Division, deputy general manager of the Business Development Division, deputy general manager of the Office Building Division and deputy general manager and general manager of Shanghai Property Management. He has approximately 17 years of experience in corporate governance, office building sales and leasing and property management.

Mr. ZHANG was also the deputy chairman of Shanghai Jin Mao International Cruising-Yacht Company Limited, a company held as to 23% by China Jinmao.

Mr. ZHANG graduated from Fudan University in July 1998 with a bachelor's degree in law and obtained an EMBA degree from the same university in January 2011.

GOVERNANCE AND COMPLIANCE

Jinmao Investments, a trust constituted by the Trust Deed dated 13 June 2014 entered into between Jinmao (China) Investments Manager Limited, as the trustee-manager of Jinmao Investments, and the Company under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for investing in the Company or in connection with the Company.

Under the Trust Deed, the Trustee-Manager and the Company must ensure that, subject to the exercise of the exchange right, each Unit remains linked to a specifically identified ordinary share of the Company registered in the principal register of members of the Company in the Cayman Islands in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and that each Unit remains stapled to a specifically identified preference share of the Company.

The Trust Deed contains provisions prohibiting the Trustee-Manager and the Company from taking any action which would result in the Units and the ordinary shares of the Company ceasing to be linked or in the Units and the preference shares of the Company ceasing to be stapled; or from refraining from doing any act required to maintain those relationships. The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each unitholder and all persons claiming through such unitholder. The rights and interests of Holders of Share Stapled Units are contained in the Trust Deed. Under the Trust Deed, those rights and interests are safeguarded by the Trustee-Manager.

The Trust Deed is available for download on the websites of the Stock Exchange and the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

This consolidated Corporate Governance Report of the Trust and the Company sets out a summary of the key processes, systems and measures used by the Trust, the Trustee-Manager and the Company in implementing the corporate governance framework for the year ended 31 December 2015. Pursuant to the Trust Deed, the Trustee-Manager shall ensure the compliance by Jinmao Investments with the applicable Listing Rules and other relevant laws and regulations. The Company shall ensure compliance with the Listing Rules and other relevant laws and regulations. The Trustee-Manager and the Company shall work together to ensure compliance with the Listing Rules by all parties and cooperation between the parties on making disclosure to the Stock Exchange.

The Trustee-Manager Board and the Company Board have played a critical and supervisory role in the corporate governance duties of Jinmao Investments and the Company through review of the overall corporate governance arrangement and approval of governance policies. Both Boards are responsible for overseeing their respective compliance with the Corporate Governance Code and shall review the disclosures set out in this consolidated corporate governance report.

Throughout the year ended 31 December 2015, Jinmao Investments (through the Trustee-Manager) and the Company had complied with the applicable code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules and adopted some recommended best practices set out in the Corporate Governance Code if applicable. The requirement to establish a nomination committee is not relevant to the Trustee-Manager because the Trust Deed requires that the Directors of the Trustee-Manager shall at all times comprise the same individuals who serve as Directors of the Company. The requirement to establish a remuneration committee is also not relevant to the Trustee-Manager as its Directors are not entitled to any remuneration payable by the Trust or the Trustee-Manager, and the Trustee-Manager does not have any employee.

INFORMATION OF SHARE STAPLED UNITS

As at the Listing Date, there were a total of 2,000,000,000 Share Stapled Units in issue. Each Share Stapled Unit refers to the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:

1) a Unit;

2) the beneficial interest in a specifically identified ordinary share of HK$0.0005 each of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Investments); and

3) a specifically identified preference share of HK$0.0005 each of the Company stapled to the Unit.

Subject to the provisions in the Trust Deed, the Units can only be dealt with together and may not be dealt with individually or one without the others.

As of the date of this report, no new Share Stapled Units have been issued by Jinmao Investments and the Company.

THE BOARDS

Responsibilities of the Boards

The Trustee-Manager Board is responsible for taking all reasonable steps to ensure that the Trustee-Manager discharges its duties under clause 2.6 of the Trust Deed, including but not limited to, acting honestly and in good faith in the best interest of all the registered holders of Units as a whole, giving priority to the interests of all the registered holders of Units as a whole over its own interests in the event of a conflict between the interests of all the registered holders of Units as a whole and its own interests, ensuring that the Trust Property is properly accounted for and be answerable to the registered holders of Units for the application or misapplication of any Trust Property; disclosing fully to the registered holders of Units its interests in contracts with the Trust and/or the Group.

The Company Board is responsible for setting out the overall development strategy and business objectives of the Group, monitoring the financial conditions of the Company and overseeing the performance of the management team with a view to creating value for the Holders of Share Stapled Units by fostering the sustainable development of the Company. The power of the Company Board is distinguished from that of the management of the Company in accordance with the provisions of the Company's Articles. The duties of day-to-day management as well as business operations of the Group are delegated to the senior management, who is responsible for the execution of the business strategy and initiatives adopted by the Company Board.

For the year ended 31 December 2015, the Company had arranged appropriate liabilities insurance coverage to protect the Directors and the senior management of the Trustee-Manager and the Company against potential legal actions so that the Directors would be in a better position to perform their duties and prevent risks.

The executive Director works full-time for Jinmao Investments and the Company, and all the non-executive Directors and independent non-executive Directors have confirmed to the Trustee-Manager and the Company that they contributed sufficient time and attention to the affairs of Jinmao Investments and the Company for the year ended 31 December 2015.

Composition of the Boards

The Trust Deed requires that:

1) the Trustee-Manager Board shall at all times comprise the same individuals who serve as Directors of the Company;

2) no person shall serve as a Director of the Trustee-Manager unless he also serves as a Director of the Company at the same time; and

3) no person shall serve as a Director of the Company unless he also serves as a Director of the Trustee-Manager at the same time.

Accordingly, the compositions of the Trustee-Manager Board and the Company Board are the same at all times.

With respect to the board diversity, the Directors of the Company have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. As of the date of this report, the compositions of the Trustee-Manager Board and the Company Board are the same and the Boards consisted of the following six Directors and the details are as follows:

Non-executive Directors

Mr. LI Congrui
Mr. JIANG Nan

Executive Director and Chief Executive Officer

Mr. ZHANG Hui

Independent non-executive Directors

Dr. CHUNG Shui Ming Timpson
Dr. CHEN Jieping
Dr. XIN Tao

Mr. HE Cao was appointed to the Company Board and the Trustee-Manager Board on 30 November 2009 and 20 March 2014, respectively. He was designated as the Chairman and the non-executive Director of the Trustee-Manager and the Company on 25 March 2014 and later resigned on 9 October 2015. Since 9 October 2015, Mr. CAI Xiyou was appointed as the Chairman and the non-executive Director of the Trustee-Manager and the Company and later resigned on 15 March 2016. Mr. LI Congrui was appointed as the non-executive Director of the Trustee-Manager and the Company on 25 March 2014.

Each Director (including independent non-executive Director) has entered into a separate letter of appointment with the Trustee-Manager and the Company for a period of three years, subject to the provision of re-election pursuant to the Company's and the Trustee-Manager's respective articles of associations. According to the Trust Deed, the Trustee-Manager Board shall always be composed of the individuals who also serve as Directors of the Company. A Director of the Trustee-Manager shall resign from his office if he ceases to be a Director of the Company. A Director of the Company shall resign from his office if he ceases to be a Director of the Trustee-Manager.

Pursuant to the Trust Deed and the Company's Articles, any Director appointed either to fill a casual vacancy or as an addition to the Company Board and the Trustee-Manager Board, shall hold office only until the next following AGM and shall then be eligible for re-election.

Pursuant to Article 29.2(m) of Trust Deed and Article 16.21 in the Company's Articles, Mr. LI Congrui, Mr. ZHANG Hui, Mr. JIANG Nan will be subject to retirement by rotation and will be eligible for re-election at the 2015 AGM.

Biographical details of the Directors and the senior management are set out on pages 70 to 78 of this annual report. The members of the Boards have no financial, business, family or other material/relevant relationships with each other.

Chairman and Chief Executive Officer

There is a clear segregation of these two positions of our Chairman and Chief Executive Officer to ensure an appropriate balance of power and authority. The Chairman is responsible for providing leadership to the Boards, ensuring the effective operation of the Boards, performing his stated duties and discussing all important and appropriate issues on a timely basis to ensure that the Boards act in the best interests of Jinmao Investments. In addition, the Chairman should promote a culture of openness by facilitating the effective contribution of Director (in particular, non-executive Directors). The Chief Executive Officer is responsible for the day-to-day management and operation of the Company, execution of strategies set by the Company Board, formulation and execution of policies of the Company, and is accountable to the Company Board for the overall operation of the Company.

The positions of the Chairman and the Chief Executive Officer are held by different persons. The Company is of the opinion that duties and obligations between the Chairman and the Chief Executive Officer have been well separated. The division between the operation and management of the Board and the day-to-day management function of the Company's operation is clearly established with an appropriate balance of power and authority and there is no excessive concentration of power in one person.

Board Diversity

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfill its strategic objectives and achieve sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates by the Company is based on a number of criteria on diversity, including 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. The Remuneration and Nomination Committee made recommendations to the Board with respect to the appointment of Directors having due regard to the above diversity requirements. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to achieve Board diversity.

Independence of independent non-executive Directors

Each of the Trustee-Manager Board and the Company Board has three independent non-executive Directors in compliance with the requirements under the Listing Rules that the number of the independent non-executive Directors shall account for at least one-third of the members of the Board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Trustee-Manager Board and the Company Board, and the Boards are of the view that these Directors are independent of the Trustee-Manager and the Company under the independence guidelines set out in Rule 3.13 of the Listing Rules.

Meetings of the Boards and committees under the Boards

During the Review Period, the Trustee-Manager and the Company jointly held five regular Board meetings and signed five written resolutions, the Trustee-Manager Audit Committee and the Company Audit Committee jointly held three committee meetings, the Remuneration and Nomination Committee of the Company held one committee meeting and signed two written resolutions, and the Independent Board Committee of the Company signed two written resolution.

Attendance at regular meetings of the Board and committees under the Board and its details as follows:

Name of Director	Joint Board meeting of the Trustee-Manager and the Company	Joint Audit Committee meeting of the Trustee-Manager and the Company	Remuneration and Nomination Committee meeting of the Company
	No. of meetings attended/No. of meetings (Attendance rate)		
Non-executive Directors			
Mr. LI Congrui	5/5/100%	–	1/1/100%
Mr. CAI Xiyou (Chairman) (appointed on 9 October 2015 and resigned on 15 March 2016)	1/1/100%(1)	–	–
Mr. HE Cao (Chairman) (resigned on 9 October 2015)	3/3/100%(1)	–	–
Mr. JIANG Nan	4/5/80%	3/3/100%	–
Executive Director and Chief Executive Officer			
Mr. ZHANG Hui	5/5/100%	–	–
Independent non-executive Directors			
Dr. CHUNG Shui Ming Timpson	2/5/40%(2)	–	0/1/0%(2)
Dr. CHEN Jieping	5/5/100%	3/3/100%	1/1/100%
Dr. XIN Tao (appointed on 9 June 2015)	3/3/100%	1/2/50%	–
Dr. ZHANG Rungang (resigned on 9 June 2015)	0/2/0%(3)	0/1/0%(3)	–

Notes: (1) A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his close associates has any material interest, therefore the votes of Chairman CAI Xiyou and Chairman HE Cao shall not be counted in the quorum for the Board meeting in relation to the re-election of chairman.

(2) As Dr. CHUNG Shui Ming Timpson authorised another Director to attend one Board meeting and one remuneration and nomination committee meeting and vote on his behalf, he was not considered as attending such meetings in person, and, accordingly, his attendance was not counted in the number of meetings he attended.

(3) As Dr. ZHANG Rungang authorised another Director to attend one Board meeting and one audit committee meeting and vote on his behalf, he was not considered as attending such meetings in person, and, accordingly, his attendance was not counted in the number of meetings he attended.

Directors' continuous professional development and access to information

The Company has encouraged Directors and the administrative staff to take comprehensive professional development courses and seminars on the Listing Rules, Companies Ordinance/company law and Corporate Governance Code organised by Hong Kong professional bodies, independent auditors and/or associations, which would enable them to continuously and further refresh their related knowledge and skills. The Directors are also provided with written training materials from time to time to develop and review their professional skills.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. During the Review Period, all of the Directors participated in various trainings organised by the Company, including the "New Director Orientation". The Directors also participated in a number of external trainings, seminars and conferences. Mr. LI Congrui participated in forums and trainings including "China Real Estate & Finance Annual Form 2015" and "The 11th International Conference on Green and Energy Efficient Building". Mr. ZHANG Hui participated in forums and trainings including "The 15th China Hotel Global Forum", "The Marriott International Property Owners Meeting 2015" and "The Hotel Investors Association of CRECC".

The Company provides access to information about Jinmao Investments and the Company to Directors, which endeavours to promptly provide to help them make informed decisions and act with a view to the best interest of the Holders of Share Stapled Units as a whole. The Directors may seek independent professional advice to perform their duties and responsibilities. Such advice may be obtained at the expense of Jinmao Investments and the Company upon reasonable request.

Responsibility for preparation of the financial account

The Trustee-Manager Board and the Company Board are responsible for the preparation of the financial account of the Trust Group and the Trustee-Manager for the period ended 31 December 2015 to give a true and fair view of the operating results and financial conditions of the Trust Group and the Trustee-Manager.

Our auditor has responsibility for its report on the financial statements of the Trustee-Manager and the Trust Group and has made a statement as to its reporting responsibility on pages 113 to 114 and pages 191 to 192 of the "Independent Auditors' Report", respectively.

Committees under the Boards

The Trustee-Manager Board has established its Audit Committee. The Trustee-Manager Audit Committee functions in its area of expertise and reports its decisions and makes its recommendations to the Trustee-Manager Board.

The Company Board has established four committees, namely the Audit Committee, the Remuneration and Nomination Committee, the Independent Board Committee and the Strategy and Investment Committee. Each committee functions in its area of expertise and reports its decisions and recommendations to the Company Board.

Audit Committees of the Trustee-Manager and the Company

The Trust Deed requires that the composition of the Company Audit Committee and the Trustee-Manager Audit Committee must be the same.

The Trustee-Manager and the Company have established their own respective Audit Committees with specific written terms of reference which clearly set out their authority and duties. Their terms of reference were approved at the joint meeting by the Boards of the Trustee-Manager and the Company respectively on 25 March 2014 and were amended by the joint Board meeting of the Trustee-Manager and the Company on 31 December 2015, and were uploaded to the websites of the Stock Exchange and the Company available for downloading.

The major terms of reference of the committees include:

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

- to develop and implement policy on engaging an external auditor to supply non-audit services, and report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

- to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

- to review the Company's financial controls, and to review the Company's risk management and internal control systems; to discuss the risk management and internal control system with the management to ensure that management has performed its duty to have effective systems and that resources, employees' qualifications and experiences are adequate for performing the accounting and financial reporting functions, and the training courses received by employees and any budgets in relation thereto are sufficient; to consider major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

- to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- to review the Company's financial and accounting policies and practices; to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- to establish and review the system for direct reporting by employees of the Company, through which they can raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence. The Audit Committee shall be entitled to take any action which it thinks appropriate and necessary for investigation of any unusual situation of the Company and to report it to the Board as and when necessary. The Committee should also ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

- to act as the key representative body for overseeing the Company's relations with the external auditor; and

- to report to the Board on the matters set out above, and to deal with any other matters authorised by the Board.

As at the date of this report, members of the Trustee-Manager Audit Committee and the Company Audit Committee included independent non-executive Directors Dr. CHEN Jieping and Dr. XIN Tao and non-executive Director Mr. JIANG Nan. Dr. CHEN Jieping was also the chairman of the Trustee-Manager Audit Committee and the Company Audit Committee.

For the year ended 31 December 2015, the Trustee-Manager Audit Committee and the Company Audit Committee held three meetings in total. Except for Dr. ZHANG Rungang who authorised another Director to attend one meeting and vote on his behalf and Dr. XIN Tao who was unable to attend one meeting, all other members of the committee have attended the meeting.

For the year ended 31 December 2015, the review of the financial reporting and internal control of the Trustee-Manager Audit Committee and the Company Audit Committee included the following:

- monitoring the financial statements of the Trust Group and the Trustee-Manager, auditing the 2014 Annual Report of the Trustee-Manager and the Company and reviewing the completeness and accuracy of the 2015 interim report and the formal announcement relating to the financial performance of the Trustee-Manager and the Company;

- approving the remuneration and terms of engagement of the external auditor and making recommendations to the Boards on the appointment of the external auditor; and

- reviewing the annual pre-audit results, profit forecast, audit strategies and significant matters for 2015.

The Head of Finance and the auditors of the Company sat for the 3 meetings as mentioned above.

Remuneration and Nomination Committee of the Company

The Company has established the Remuneration and Nomination Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 25 March 2014, and were uploaded to the websites of the Stock Exchange and the Company available for downloading.

The major terms of reference of the committee include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- to identify individuals who are qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorship;

- to examine the standards and procedures for selection of Directors and senior management and to make recommendations to the Board;

- to review the qualifications and abilities of candidates for directorship and senior management and to make recommendations to the Board;

- to assess the independence of the independent non-executive Directors;

- to make 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;

- to consult with the chairman and/or the chief executive on remuneration of the other executive Directors and to seek independent professional advices as and when necessary;

- to make recommendations to the Board on the policies and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including monetary benefits, benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and to make recommendations to the Board on the remuneration of non-executive Directors;

- to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, goals and objectives;

- to consider salaries paid by comparable companies, time commitment for discharging responsibilities, and employment conditions of other positions in the Company and its subsidiaries;

- to determine the criteria for assessing the executive Directors' and senior management's performance and appraise the performance of the executive Directors and senior management, and to participate in appraisal process or seek professional assistance and advice as and when necessary;

- to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

- to ensure that no Director or any of his associates is involved in deciding his own remuneration; and

- to deal with any other matters authorised by the Board.

As at the date of this report, members of the Remuneration and Nomination Committee of the Company included independent non-executive Director Dr. CHUNG Shui Ming Timpson, non-executive Director Mr. LI Congrui and independent non-executive Director Dr. CHEN Jieping. Dr. CHUNG Shui Ming Timpson was also the chairman of the Remuneration and Nomination Committee of the Company.

During the Review Period, the Remuneration and Nomination Committee of the Company held one meeting and signed two written resolutions. Except for Dr. CHUNG Shui Ming Timpson who authorised another Director to attend the meeting and vote on his behalf, all other members of the committee have attended the meeting.

For the year ended 31 December 2015, nomination, appointment, review and determination of remuneration packages of the Remuneration and Nomination Committee of the Company included the following:

- approving the appointment of 1 independent non-executive Director and 1 non-executive Director based on the standards and procedures for selection of the Directors of the Company, and submitting such recommendations to the Company Board for review and approval;

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Company Board;

- determining the remuneration packages of executive Director and some members of the senior management based on the operating results and profit of the Group and with reference to the rates of other companies, both domestically and overseas, and the prevailing market rates, and making recommendations to the Company Board; and

- assessing the independence of the independent non-executive Directors.

Independent Board Committee of the Company

The Company has established the Independent Board Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 18 August 2014.

The major terms of reference of the committee include:

- responsible for overseeing the implementation of non-compete undertakings and the Hotel Arrangements, especially reviewing on an annual basis the compliance by China Jinmao with the terms of the non-compete undertaking and the Hotel Arrangements, based on the Hotel Arrangements Deed entered into between China Jinmao and the Company on 13 June 2014 and non-compete undertakings in any subsequent amendments, if any, made through lawful procedures and certain arrangements relating to the existing and future interests of the China Jinmao Group in hotels as agreed by the parties in the Hotel Arrangements Deed;

- for the connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the issuer and its shareholders as a whole, and to make recommendations;

- to deal with any other matters authorised by the Board.

As at the date of this report, members of the Independent Board Committee of the Company included independent non-executive Directors Dr. CHUNG Shui Ming Timpson, Dr. CHEN Jieping and Dr. XIN Tao. Dr. CHUNG Shui Ming Timpson was also the chairman of the Independent Board Committee of the Company.

For the year ended 31 December 2015, none of the properties acquired by or investment opportunities obtained by China Jinmao was subject to the Hotel Arrangements Deed and the Independent Board Committee of the Company did not hold any ad hoc meeting.

For the year ended 31 December 2015, the Independent Board Committee of the Company signed two written resolutions and considered the following:

- reviewing and confirming compliance by China Jinmao with the terms of the non-compete undertaking and the Hotel Arrangements;

- confirming that the Group did not exercise any call options or accept the offer under right of first refusals to acquire related hotels or participate in any investment opportunity pursuant to the Hotel Arrangements for the year ended 31 December 2015;

- examining continuing connected transactions on an annual basis and confirming them in the annual report and accounts of the Company; and

- matter in relation to the licensing of the "Jinmao" graphic trademark.

Compliance with terms of the non-compete undertaking and the Hotels Arrangements

China Jinmao has provided its written confirmation in respect of the China Jinmao Group's compliance with their obligations under terms of the non-compete undertaking and the Hotels Arrangements for the year ended 31 December 2015.

Strategy and Investment Committee of the Company

The Company has established the Strategy and Investment Committee with specific written terms of reference which clearly set out its authority and duties. The terms of reference were approved by the Company Board on 18 August 2014.

The major terms of reference of the committee include:

- to consider and formulate the Company's development strategies;
- to review new project investment proposals submitted by management according to the Company's development strategies; and the new projects include: acquisition or disposal of wholly-owned companies and joint ventures with business substance, purchase of operating hotel projects and disposal of or renovation of existing operating projects;
- to review management's proposals on the establishment of departments in the headquarters;
- to supervise and monitor management's execution of the Company's development strategies; and
- to deal with any other matters authorised by the Board.

As at the date of this report, members of the Strategy and Investment Committee of the Company included non-executive Director Mr. LI Congrui, executive Director and Chief Executive Officer Mr. ZHANG Hui, non-executive Director Mr. JIANG Nan, independent non-executive Director Dr. Chen Jieping and independent non-executive Director Dr. XIN Tao. Mr. LI Congrui was also the chairman of the Strategy and Investment Committee of the Company.

For the year ended 31 December 2015, the Strategy and Investment Committee signed one written resolution.

Company Secretary

The Trustee-Manager and the Company have appointed Ms. HO Wing Tsz Wendy of Tricor Services Limited, an external service provider as the Company Secretary of the Trustee-Manager and the Company in compliance with the requirements of Rules 3.28 and 3.29 of the Listing Rules. The primary corporate contact person at the Company is Mr. JIANG Nan. During the Review Period, Ms. HO Wing Tsz Wendy participated in professional training of not less than 15 hours.

Corporate governance measures for potential conflicts of interest

Given the unique nature of the Group's business structure and its close relationship with the China Jinmao Group, the Trust Group has established various corporate governance measures to seek to address any potential conflict of interest and competition between the two groups, thus safeguarding the interest of independent Holders of Share Stapled Units.

- Directors will abstain from voting at the Board meeting on any matter in which he has a material interest and are not to be counted in the quorum of the relevant Board meeting;

- Pursuant to article 92(b) of the Trustee-Manager's Articles, priority will be given to the interest of all the registered holders of Units as a whole over the interest of the Company in the event of a conflict between the interest of all the registered holders of Units as a whole and the interest of the Company;

- Any potential connected transactions and existing continuing connected transactions between the China Jinmao Group and/or the Sinochem and the Group are subject to annual review and report by the independent non-executive Directors and the auditors of the Company;

- Where the Trustee-Manager Board and the Company Board are required to make a decision on any matters relating to the following, all such matters will be referred to executive Director and the independent nonexecutive Directors who do not have any ongoing role with the China Jinmao Group:

    - whether to grant the China Jinmao Group consent to develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC pursuant to the non-compete undertaking given by the China Jinmao Group; and

    - the Hotel Arrangements;

- A committee comprising all the independent non-executive Directors (the Independent Board Committee) will be responsible for overseeing the implementation of the Hotel Arrangements, and will review on an annual basis compliance by the China Jinmao Group with the terms of the Hotel Arrangements.

The Trustee-Manager and the Company (on the one hand) and China Jinmao (on the other hand) have boards of directors that function independently of each other. Although Mr. LI Congrui and Mr. JIANG Nan hold existing roles with China Jinmao, the remaining four members of the Trustee-Manager Board and the Company Board have sufficient expertise to make their independent professional judgment for decision-making of the Boards.

Furthermore, there are three independent non-executive Directors out of a total board size of six of the TrusteeManager Board and the Company Board. It is believed that the Boards have adequate independence in order to address any situations of conflict of interest and to protect the interests of the independent Holders of Share Stapled Units.

MEETING OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

So long as the Trust Deed remains in force, the Trustee-Manager and the Company are required to ensure that:

(a) a general meeting is not convened and held unless (i) a meeting of registered holders of Units is also convened and held and (ii) the general meeting is convened and held either as a combined meeting with the meeting of registered holders of Units or separately but consecutively with (and immediately after) the meeting of registered holders of Units; and

(b) a meeting of registered holders of Units is not convened and held unless a general meeting is also convened and held.

To the extent permitted under relevant laws and regulations, general meetings and meetings of registered holders of Units shall be held on a combined basis as a single meeting characterised as a meeting of registered holders of Share Stapled Units.

RIGHTS OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

Pursuant to requirements of each of articles 1.1, 1.2 and 2.2 of Schedule 1 of the Trust Deed:

Article 1.1

The Trustee-Manager shall at least once in every calendar year convene a general meeting of the registered holders of Units as the annual general meeting thereof in addition to any other meetings in that year and shall specify the meeting as such in the notice calling it. The annual general meeting shall be held at such time and place as the Trustee-Manager shall appoint and not less than 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) in writing thereof shall be given to the registered holders of Units;

Article 1.2

The Trustee-Manager may (and the Trustee-Manager shall at the request in writing of registered holders of Units holding not less than 5% of the Units for the time being in issue and outstanding) at any time convene a meeting of registered holders of Units at such time or place in Hong Kong (subject as hereinafter provided) as the party convening the meeting may think fit and propose resolutions for consideration at such meeting; and

Article 2.2

At least 14 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the registered holders of Units in the manner provided in the Trust Deed, except that at least 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of the meeting shall be given to the registered holders of Units where an extraordinary resolution of registered holders of Units is proposed for consideration at such meeting. The notice shall specify the place, day and time of meeting and the terms of any resolution to be proposed thereat. The accidental omission to give notice to or the non-receipt of notice by any of the registered holders of Units shall not invalidate any resolution passed or any proceedings at any meeting.

Pursuant to requirements of article 53 of the Trustee-Manager's Articles, an AGM shall be called by 21 days' notice in writing at the least, and a meeting of the Company other than an AGM shall be called by 14 days' notice in writing at the least.

Pursuant to requirements of articles 12.3 and 12.4 of the Company's Articles, general meetings may also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 5% or, thereafter, one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 5% or, thereafter, one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

An AGM and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirements under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business the general nature of that business. The notice convening an AGM shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

Proposing a candidate for election as a Director

Pursuant to requirements of articles 16.5 and 16.6 of the Company's Articles, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

While the Trust Deed remains in force, no person shall be eligible for appointment or election to the office of Director unless such person is also appointed or elected, or serves, as a director of the Trustee-Manager.

Constitutional documents

On 15 May 2015, the Board proposed the amendment to the distribution policy of the Share Stapled Units that the Board of the Company shall declare and distribute the entire distributable income of the Group in each financial year to the Trustee-Manager in the future, so as to finance the funds to be distributed by the Trustee-Manager in respect of the Share Stapled Units. As such, a special resolution to consider and approve the amendments to Articles 18.2 and 24.7 of the Company's Articles and the corresponding amendment to Clause 14.1(c) of the Trust Deed to reflect the changes to the distribution policy was proposed by the Board at the 2014 AGM for approval by the Holders of Share Stapled Units. The aforesaid corresponding amendment to Clause 14.1(c) of the Trust Deed to reflect the changes to the distribution policy, the articles of association of the Trustee-Manager and the Articles of Association of the Company was approved at the 2014 AGM held on 9 June 2015.

Save as disclosed above, There is no major amendment to the articles of association of the Trustee-Manager and the Articles of Association of the Company, the aforesaid documents in effect are available for download at the websites of the Stock Exchange and the Company.

Auditors' remuneration

For the year ended 31 December 2015, the remuneration paid/payable to the Trustee-Manager's and the Company's auditors, Ernst & Young, amounted to a total of HK$3,833,840, of which HK$1,750,000 was for the audit service fees of the Trustee-Manager's financial statements and the Trust Group's consolidated financial statements, HK$1,137,000 was for audit service fees of certain subsidiaries of the Company, HK$600,000 was for review service fees of the Trust Group's interim financial information, HK$50,000 was for review services of the Group's continuing connected transactions and HK$296,840 was for tax services of the Group.

The internal control systems of the Trust Group are primarily designed to provide a reasonable but not absolute assurance against material misstatement relating to operating results, financial information, losses and frauds, rather than eliminating risks of operational errors or failure to meet its business objectives.

Risk Management and Internal Control

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems for the Group (including reviewing their effectiveness) to safeguard Shareholders' investment and the Group's assets.

Internal control systems of the Trust Group include a control and organisation structure with well-defined operational policies and procedures, authorisation at each level, and scope of liabilities, for the purpose of safeguarding assets of the Trust Group, keeping accurate accounting record, complying with relevant laws and regulations and monitoring risks of the Trust Group. Meanwhile, the Trust Group adopts comprehensive risk management, systematic management, knowable, controllable, affordable and match of revenue and risk as the Company's basic principles of risk management. Based on the strategy, operation target and the characteristics of the industry, the Trust Group collects the related matters on strategic risk, financial risk, market risk, operating risk and legal risk occurred during the course of operation, after which identifies, assesses and analyses the risk qualitatively and quantitatively and determines the priority for each risk management and respective strategies. Based on the risk assessment, the Trust Group formulates risk management strategy and determines its risk preference and risk tolerance with reference to the risk categories, and chooses proper risk management instruments such as risk taking, risk avoidance, risk transfer, risk hedging, risk compensation and risk control. The Company upholds the principle of business strategy being consistent with risk strategy and the balance between risk control and operation efficiency and results, and formulates all-process control measures that cover each procedure in respect of the management and business process that involves with major risks. The Company implements the risk management solution under the all-process control measures to ensure the proper implementation of each measure. Meanwhile, the Company conducts dynamic risk management and monitoring, checks the effectiveness of risk management through effective monitoring and inspection on the implementation of risk management work and the effectiveness of the system and makes corresponding improvement based on the change and defect indentified. Instead of completely eliminating the Trust Group's risk of operating failure or failure to achieve the operation target, the main purpose of internal control system is to provide reasonable but not absolute guarantee regarding the absence of major misrepresentation of operating results, financial information, loss and fraud.

All Directors of the Company consider that the Trust Group's existing risk management and internal control systems are effective.

Inside Information System and Internal Control Procedures

The Company has formulated the Information Disclosure Management Standard of Jinmao Investments, and further improved the information disclosure system of the Company to ensure that the Company's information is disclosed to the public on a true, accurate, complete and timely basis. In order to consolidate the standard of information disclosure, the Company has assigned the person responsible for information disclosure, developed the information identification, delivery and review procedures and formulated the guidance on potential inside information/undisclosed information based on the characteristics of the industry where the Company operates so as to procure the Company to comply with relevant requirements under the SFO and Listing Rules from time to time.

Compliance with the Model Code

The Trustee-Manager and the Company have formulated the "Administrative Standards Governing the Securities Transactions by the Employees of Jinmao Investments" (the "Administrative Standards") to govern the dealing of Share Stapled Units and related securities transactions by all employees of the Trust Group (including Directors, related employees and their respective associates). The Administrative Standards is on terms no less exacting than the Model Code and shall be revised from time to time according to the Listing Rules.

The Directors of the Company were not aware of any non-compliance with the Administrative Standards by any employee during the year ended 31 December 2015.

Having made specific enquiries, all Directors and relevant employees of the Trustee-Manager and the Company confirmed that, as at the date of this report, they were in full compliance with the Administrative Standards.

Communication with Holders of Share Stapled Units

The Company is committed to maintaining a high standard and corporate transparency with respect to Jinmao Investments and itself, and has kept regular communication with Holders of Share Stapled Units through diversified channels.

Holders of Share Stapled Units and prospective investors may obtain information about the latest development, announcements and press releases of Jinmao Investments and the Company on the Company's website at http://www. jinmao88.com. They can also make inquiries to the Boards of the Trustee-Manager and the Company (contact details are set out in the section headed "Corporate Information" of this report).

Furthermore, the Company has formed an investor relations team responsible for receiving investors feedback and arranging for interim and annual results roadshows. Details of the investor relations are set out in the section headed "Investor Relations Report" of this report.

Meeting of Registered Holders of Share Stapled Units

The Company maintains and facilitates exchange and communication between Registered Holders of Share Stapled Units and the Board through a number of communication methods, including Meetings of Registered Holders of Share Stapled Units, announcements and circulars to shareholders. Jinmao Investments and the Company held an AGM of Registered Holders of Share Stapled Units for the year 2014 on 9 June 2015 to review and approve the audited consolidated financial statements of the Trust Group, the Company and its subsidiaries for the year ended 31 December 2014 and the audited financial statements of Trustee-Manager for the period from 20 March 2014, being its date of incorporation, to 31 December 2014, the Directors' report and the independent auditor's report; to declare a final dividend of HK$24.05 cents per Share Stapled Unit from 2 July 2014, being its Listing date, to 31 December 2014; to re-elect Mr. HE Cao as a non-executive Director; to re-elect Mr. LI Congrui as an executive Director of the Company; to re-elect Mr. JIANG Nan as a non-executive Director; to re-elect Mr. ZHANG Hui as an executive Director; to re-elect Dr. CHUNG Shui Ming Timpson as an independent non-executive Director; to re-elect

Dr. CHEN Jieping as an independent non-executive Director; to appoint Dr. XIN Tao as an independent non-executive Director; to authorise the Trustee-Manager and the Directors of the Company to determine their remuneration; to re-appoint Ernst & Young as the auditors of the Trust, the Company and the Trustee-Manager and authorise the Trustee-Manager and Directors of the Company to determine the remuneration of the auditors; to review and approve the general mandate to the Directors of the Trustee-Manager and the Company to issue, allot and dispose of not more than 20% of the total number of issued Share Stapled Units on the day the resolution is approved; and to consider and approve the amendments to Article 18.2 and Article 24.7 to the Articles of Association of the Company and the corresponding amendments to clause 14.1(c) of the Trust Deed so as to reflect the impact on the distribution policy. Except for Dr. CHUNG Shui Ming Timpson and Mr. ZHANG Rungang, both being independent non-executive Directors, who were unable to attend due to other engagements, all other Directors had attended the AGM of Registered Holders of Share Stapled Units for the year 2014 held on 9 June 2015.

The Boards are pleased to present the annual report, the audited consolidated financial statements of the Trust Group for the year ended 31 December 2015 and the audited financial statements of Jinmao (China) Investments Manager Limited for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

Jinmao Investments, a trust constituted by the Trust Deed dated 13 June 2014 entered into between Jinmao (China) Investments Manager Limited, as the Trustee-Manager of Jinmao Investments, and the Company under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for investing in the Company or in connection with the Company.

Jinmao Investments is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Investments and the Group primarily own and invest in a portfolio of hotels. The Group also owns Jin Mao Tower, a mixed-use development.

During the Review Period, the property portfolio of the Group comprises the following Properties, all of which are located in the PRC: Jin Mao Tower (including Grand Hyatt Shanghai and office, retail and tourist areas), The Westin Beijing Chaoyang, JW Marriott Hotel Shenzhen, The Ritz-Carlton, Sanya, Hilton Sanya Resort and Spa, Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang.

Principal activities and other particulars of subsidiaries of the Company as at 31 December 2015 are set out in note 1 to the consolidated financial statements of the Trust Group.

The Trustee-Manager is an indirect wholly-owned subsidiary of China Jinmao with specified and limited duties to manage Jinmao Investments. It does not have active participation in business operation of the Trust Group.

BUSINESS REVIEW

A detailed review on the Trust Group's business performance during the Review Period, as well as the principal risks and uncertainties and future prospects of the Trust Group are set out in the Directors' Statement on pages 10 to 13 of this report and Management Discussion and Analysis on pages 20 to 57 of this report and the Environment, Social and Governance Report is set out on pages 60 to 69 of this report, the discussions thereof form part of this Report of the Directors.

DISTRIBUTION

Group Distributable Income

For the year ended 31 December 2015, the Group Distributable Income amounted to approximately HK$634 million after the adjustments permitted under the Trust Deed and the Company's Articles. A description of such adjustments is set out in note 12 to the consolidated financial statements of the Trust Group.

The proposed distribution attributable to the Group Distributable Income, which composes the final distribution (as further disclosed below), has been accounted for as a proposed distribution within the equity in the consolidated financial statements of the Trust Group.

Distribution per Share Stapled Unit

As disclosed in the Prospectus and pursuant to the Distribution Guarantee and Shortfall Payments Deed, based on the Group Distributable Income for the year ended 31 December 2015 referred to above, China Jinmao shall pay an amount of approximately HK$233 million to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) for the Shortfall Payments during 2015 pursuant to the Distribution Guarantee and Shortfall Payments Deed. Accordingly, the Trust Distributable Income for the year ended 31 December 2015 shall be HK$867 million.

The Boards recommended the payment of a final distribution of HK19.91 cents per Share Stapled Unit for the year ended 31 December 2015 to the Holders of Share Stapled Units. The proposed final distribution shall be subject to approval of the Holders of Share Stapled Units at the forthcoming 2015 AGM. Taken together with the interim distribution of HK23.44 cents per Share Stapled Unit paid in October 2015, the total distribution per Share Stapled Unit for the year 2015 is HK43.35 cents.

No dividend was recommended by the Trustee-Manager Board for the year ended 31 December 2015.

The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the auditors of the Trust Group have reviewed and verified the Trustee-Manager's calculation of the distribution entitlement per Share Stapled Unit, and (ii) having made all reasonable enquiries, immediately after making the distribution to registered unitholders of the Trust, the Trustee-Manager will be able to fulfill, from the Trust Property, the liabilities of the Trust as they fall due.

FINANCIAL HIGHLIGHTS

Highlights of the results and assets and/or liabilities of the Trust Group are set out on page 9 of this report.

RESERVES

Movements in reserves of the Trust Group during the year ended 31 December 2015 are set out in the consolidated statement of changes in equity and note 29 to the consolidated financial statements of the Trust Group.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Trust Group during the year ended 31 December 2015 are set out in note 14 to the consolidated financial statements of the Trust Group.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Trust Group for the year ended 31 December 2015 are set out in note 15 to the consolidated financial statements of the Trust Group.

ISSUED SHARE STAPLED UNITS

For the year ended 31 December 2015, no new Share Stapled Units have been issued by the Trust Group. As at 31 December 2015, there were a total of 2,000,000,000 Share Stapled Units in issue.

Details of movements in the issued capital of the Trust and the Company for the year ended 31 December 2015 are set out in note 28 to the consolidated financial statements of the Trust Group. Details of the share capital of Trustee-Manager are set out in note 4 to the financial statements of the Trustee-Manager.

ISSUANCE OF BONDS

For the year ended 31 December 2015, the Trust Group has not issued any bonds.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2015, no equity-linked agreement of the Trust Group has been entered into or existed.

DONATIONS

For the year ended 31 December 2015, the Trust Group has not made charitable and other donations.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

Total net proceeds from the global offering amounted to approximately HK$3,072.1 million, of which approximately HK$31.5 million was paid to China Jinmao for the provision of the project consulting services pursuant to the project consulting agreement dated 13 June 2014 entered into between China Jinmao and the Company, approximately HK$593.5 million was paid to China Jinmao for the settlement of the intercompany loans between the Group and the China Jinmao Group which were interest free, repayable on demand and which had not been repaid prior to the Listing Date, and the remaining proceeds was used for the partial settlement of the pre-initial public offering dividend payable to China Jinmao.

PURCHASE, SALE OR REDEMPTION OF SHARE STAPLED UNITS

Except for the repurchase or redemption of preference shares of the Company in accordance with the provisions of the Trust Deed and the Company's Articles, the Trust Deed does not permit the Trustee-Manager to repurchase or redeem any Share Stapled Units on behalf of Jinmao Investments unless and until expressly permitted to do so by the relevant codes and guidelines issued by the SFC from time to time.

For the year ended 31 December 2015, none of the Trust, the Trustee-Manager, the Company or any of its subsidiaries purchased, sold or redeemed any Share Stapled Units.

Directors

Pursuant to clause 29.1(a) of the Trust Deed, the Trustee-Manager Board shall at all times comprise the same individuals who serve as Directors of the Company. The list of Directors and their roles and functions from 1 January 2015 to the date of this report is as follows:

Name of Director	Date of appointment
Non-executive Directors	
Mr. LI Congrui	(Assuming the role and the duties of the Chairman since 15 March 2016)
Mr. CAI Xiyou (Chairman)	(appointed on 9 October 2015 and resigned on 15 March 2016)
Mr. HE Cao (Chairman)	(resigned on 9 October 2015)
Mr. JIANG Nan	
Executive Director	
Mr. ZHANG Hui (Chief Executive Officer)	
Independent Non-executive Directors	
Dr. CHUNG Shui Ming Timpson	
Dr. CHEN Jieping	
Dr. XIN Tao	(appointed on 9 June 2015)
Dr. ZHANG Rungang	(resigned on 9 June 2015)

Pursuant to article 16.3 of the Company's Articles of Association (as amended and restated) and clause 29.2(f) and 29.2(g) of the Trust Deed, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to clause 29.2(m) of the Trust Deed and article 16.21 of the Company's Articles, Mr. LI Congrui, Mr. ZHANG Hui and Mr. JIANG Nan shall retire from office by rotation on the 2015 AGM and they are eligible and willing to offer themselves for re-election.

The independence of independent non-executive Directors of the Trustee-Manager and the Company is subject to assessment by the remuneration and nomination committee of the Company. Each independent non-executive Director has confirmed his independence to the Trustee-Manager Board and the Company Board in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules, and the Boards are of the view that all independent non-executive Directors of the Trustee-Manager and the Company are independent of the Trustee-Manager and the Company.

Profile of Directors and senior management

The biographical details of Directors of the Trustee-Manager and the Company and senior management of the Company are set out on pages 70 to 78 of this report.

Directors' service contracts

None of the Directors had a service contract with the Trustee-Manager, the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

Remuneration of Directors

Details of remuneration of Directors of the Company are set out in note 9 to the consolidated financial statements of the Trust Group.

Pursuant to provisions of relevant letters of appointment/employment contracts, the remuneration of all Directors is to be borne by the Company.

Directors' interests and short positions in Share Stapled Units, underlying share stapled units and debentures

As at 31 December 2015, the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debenture of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange, will be as follows:

Name	Capacity	Name of associated corporation	Number of shares held or owned in the associated corporation(1)	Percentage of issued shares of the associated corporation
HE Cao	Beneficial owner	China Jinmao	1,500,000(L)	0.0141%
LI Congrui	Beneficial owner	China Jinmao	1,450,000(L)	0.0136%
JIANG Nan	Beneficial owner	China Jinmao	1,450,000(L)	0.0136%

Note: (1) China Jinmao holds 66.53% equity interests in Jinmao Investments and the Company as at the date of this report and accordingly is an associated corporation of Jinmao Investments and the Company. The above interests represent the underlying shares subject to share options of China Jinmao held by the Directors of the Trustee-Manager and the Company, which comprise of unlisted equity derivatives.

Save as disclosed above, as at 31 December 2015, none of the Directors and the chief executive of the Company has any interests and/or short positions (as applicable) in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of the Company and any interests and/or short positions (as applicable) in shares or debenture of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange.

Interest of Substantial Holders of Share Stapled Units

As at 31 December 2015, the interests or short positions of persons (other than the Directors or chief executives of the Company) in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Part XV of section 336 of the SFO, to be recorded in the register required under such section as having an interest in 5% or more of the issued Share Stapled Units are as follows:

Name of Holders of Share Stapled Units	Capacity	Number of Share Stapled Units held or interested	Long position/ short position	Percentage of issued Share Stapled Units
China Jinmao	Beneficial owner	1,330,603,000	Long position	66.53%
Sinochem Hong Kong (Group) Company Limited[1]	Interest in a controlled corporation	1,330,603,000	Long position	66.53%
Sinochem Corporation[1]	Interest in a controlled corporation	1,330,603,000	Long position	66.53%
Sinochem Group[1]	Interest in a controlled corporation	1,330,603,000	Long position	66.53%
TONG Jinquan[2]	Beneficial owner	185,218,000	Long position	9.26%
KONG Dehui	Beneficial owner	140,660,000	Long position	7.03%

Notes: (1) Sinochem Group holds 98.00% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong (Group) Company Limited, which in turn holds 63.52% equity interests in China Jinmao. For the purposes of the SFO, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong (Group) Company Limited are all deemed to be interested in the Share Stapled Units beneficially owned by China Jinmao.

(2) Mr. TONG Jinquan is interested in 185,218,000 Share Stapled Units of the Company by virtue of his wholly-owned subsidiary, Wealthy Fountain Holdings Inc.

Save as disclosed above, as at 31 December 2015, no person (other than the Directors of the Trustee-Manager and the Company as set out below) had an interest or short position in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed to the Trustee-Manager and the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register required under such section.

PRE-EMPTIVE RIGHTS

There is no provision with respect to pre-emptive rights under the Company's Articles and there is no provision under the law of Cayman Islands requiring new Share Stapled Units be offered to existing Holders of Share Stapled Units on a pro-rata basis.

MAJOR CUSTOMERS AND SUPPLIERS

During the Review Period, the five largest customers of the Trust Group accounted for no more than 30% of its total sales and its five largest suppliers accounted for no more than 30% of its total purchase.

Save as disclosed above, none of the Directors or their associates or any Holders of Share Stapled Units (which to the knowledge of the Trustee-Manager Board and the Company Board own more than 5% of the issued Share Stapled Units) had any interest in any of the five largest customers or suppliers of the Trust Group.

Compliance with non-compete undertaking

In order to maintain a clear delineation of the business of the Group (on the one hand) and the business of the China Jinmao Group (on the other hand), the Company and China Jinmao have entered into the Hotel Arrangements Deed pursuant to which (i) China Jinmao has agreed to provide a non-compete undertaking that, except with the prior written consent of the Company, the China Jinmao Group will not develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC, which is where Jin Mao Tower is located; and (ii) the parties have agreed to certain arrangements relating to the existing and future interests of the China Jinmao Group in hotels (the "Hotel Arrangements").

Please refer to the Prospectus for further information with respect to the non-compete undertaking and the Hotel Arrangements.

Directors' interests in contracts of significance

During the Review Period, no transaction, arrangement or contract of significance to which the Trustee-Manager, the Company or its subsidiaries, its substantial Holders of Share Stapled Units, its holding company or any of its fellow subsidiaries was a party and in which a Director of the Trustee-Manager and the Company or an entity related to such Director had a material interest, whether directly or indirectly, subsisted as at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

According to the Company's Articles, each Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director of the Company in defending any legal proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. The Company's Articles also provides that, subject to company law, if any Director shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director so becoming liable as aforesaid from any loss in respect of such liability.

The Company has arranged sufficient and proper insurance for the Directors during the year.

Employees and remuneration policies

As at 31 December 2015, the Group employed 4,242 staff in total. The Group provides competitive salaries and bonuses for its employees, as well as other benefits, including retirement schemes, medical insurance schemes, accident insurance schemes, unemployment insurance schemes, maternity insurance schemes and housing benefits. The Group's salary levels are reviewed regularly against market standards.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Connected transactions

As disclosed in the Prospectus, the Trust Group has entered into certain transactions with parties who were connected persons of the Trust Group.

Following completion of the Listing, as China Jinmao is the controlling Holder of Share Stapled Units, China Jinmao and its subsidiaries are connected persons of the Trust Group. As Sinochem Group is the controlling shareholder of China Jinmao, Sinochem Group and its subsidiaries are connected persons of the Trust Group. Accordingly, the transactions entered into with the China Jinmao Group and the Sinochem Conglomerate will constitute connected transactions for the Trust Group.

Given the above, particulars of transactions constituting connected transactions of the Trust and the Company under the Listing Rules are set out below:

		Total transaction amount for the year ended 31 December 2015 (HK$'000)
A	Financial assistance	
	Distribution Guarantee and Shortfall Payments Deed	233,000
B	One-off connected transactions	
	Property management services agreement	13,330
	Decoration service agreement	72,490
C	Non-exempt continuing connected transactions	
	Hotel property management agreement	3,427
	Commercial property management agreement	2,267
	Framework lease agreement	118,762
	(i) Sinochem framework lease agreement	113,483
	(ii) China Jinmao framework lease agreement	5,279

Directors of the Trustee-Manager and the Company confirmed that the connected transactions of the Trust and the Company had complied with disclosure requirements under Chapter 14A of the Listing Rules.

A. Financial assistance

Distribution Guarantee and Shortfall Payments Deed

China Jinmao and the Trustee-Manager (as the trustee-manager of Jinmao Investments) have entered into the Distribution Guarantee and Shortfall Payments Deed dated 13 June 2014 pursuant to which China Jinmao agreed to:

provide the shortfall payments up to an aggregate amount of HK$300 million during the entire duration of the financial years ending 31 December 2015, 2016 and 2017 to enable the Group to minimise its exposure to the initial start-up risks associated with the operation of the shortfall payment hotels (being Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang) for an initial period of time following their commencement of operation and to provide the Holders of Share Stapled Units with some assurance of the level of income of the Group for the financial years ending 31 December 2015, 2016 and 2017.

B. One-off connected transactions

Property management service agreement

Shanghai Property Management primarily provides property management services to Jin Mao Tower and also provides other property management services which consist of (a) managing the residential properties of third party property owners and the China Jinmao Group, (b) managing certain office buildings of third party office owners and the China Jinmao and (c) providing property services for the sales and display units of residential properties developed by the China Jinmao Group.

As at the Listing Date, Shanghai Property Management had 11 property management agreements entered into with members of the China Jinmao Group which had not been terminated or transferred to the China Jinmao Group. Even though these property management agreements were entered into with members of the China Jinmao Group, Shanghai Property Management is required to obtain the consent of the relevant regulatory bodies and office tenants in order to terminate or transfer the relevant ongoing management services, which is outside the control of the Company. Therefore, it is not practical to terminate the ongoing management services prior to the Listing. Subject to obtaining the consent of the counterparties to these property management agreements, the Group intends to transfer such property management agreements to the China Jinmao Group as soon as practicable. If consent for the transfer of such property management agreements to the China Jinmao Group cannot be obtained, it is the Group's intention not to enter into any new agreements to provide property management services upon the termination of these existing property management agreements.

As at 31 December 2015, there were 2 property management agreements between Shanghai Property Management and the China Jinmao Group not terminated or transferred to the China Jinmao Group, as Shanghai Property Management had not yet obtained the consent of the relevant regulatory bodies and tenants.

Decoration services agreement

Members of the Group have entered into decoration services agreements with Shanghai Decoration prior to the Listing Date (the "Decoration Services Agreements") pursuant to which Shanghai Decoration provided certain decoration services to the Group, which include but are not limited to, the renovation and interior design works for hotel rooms offices and other related facilities. The duration of the Decoration Services Agreement entered into range between five months and a year, depending on the nature of the renovation and interior design works to be provided by Shanghai Decoration. Major renovation works tend to require a longer period of time whereas the refurbishment of hotel rooms may require only a few months to complete.

Members of the Group generally source decoration services though a bidding process where both independent third parties and members of the China Jinmao Group are invited to submit bids. Decoration service providers are typically selected based on several factors, including price, reputation of the service provider and quality of the services offered.

The Decoration Services Agreements were completed by the end of 2014. The transaction amounts were paid in stages as and when certain payment milestones under the Decoration Services Agreements were met.

C. Non-exempt continuing connected transactions

1. *Hotel property management agreement*

The Company and China Jinmao entered into a hotel property management agreement dated 13 June 2014 (the "Hotel Property Management Agreement") pursuant to which the Company has agreed to provide hotel property management services in respect of the Excluded Hotels to the China Jinmao Group. The arrangements under the Hotel Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Hotel Property Management Agreement, the hotel property management services relate to overseeing and monitoring the performance of the third party hotel managers of their obligations under the relevant hotel management agreements, advising on hotel improvements and overseeing the financial performance of the Excluded Hotels.

Under the Hotel Property Management Agreement, the Group is entitled to receive an annual fee comprising a basic management fee of 0.5% of the total development costs of an Excluded Hotel and an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of each Excluded Hotel upon the formal opening of such Excluded Hotel.

The Hotel Property Management Agreement took effect on the Listing Date and will be valid for a period of three years, subject to compliance with the applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the Hotel Property Management Agreement.

2. *Commercial property management agreement*

Jinmao (Shanghai) entered into commercial property management agreement with China Jin Mao (Group) dated 13 June 2014 (the "Commercial Property Management Agreement") pursuant to which the China Jinmao Group will provide the commercial property management services to the Group. The arrangements under the Commercial Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Commercial Property Management Agreement, the commercial property management services relate to the provisions of certain commercial property management services, including leasing management, marketing management, and project management and other relevant services as may be reasonably required by China Jin Mao (Group) and Jin Mao Sanya Tourism Company Limited, in relation to the commercial portions of the Group's Properties, currently being the "J•LIFE" commercial portions in Jin Mao Tower and The Ritz-Carlton, Sanya.

Under the Commercial Property Management Agreement, the China Jinmao Group will be entitled to receive an annual fee comprising 3% of the annual rental income from the commercial portions of the Group's Properties, currently being the "J•LIFE" commercial portions in Jin Mao Tower and The Ritz-Carlton, Sanya.

The Commercial Property Management Agreement took effect on the Listing Date and will be valid for a period of three years, subject to compliance with applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the Commercial Property Management Agreement.

In accordance with Rule 14A.53 of the Listing Rules, the Group has set annual caps for the maximum aggregate amounts payable to the China Jinmao Group under the Commercial Property Management Agreements for FY2014, FY2015 and FY2016, which amount to approximately RMB3.7 million, RMB3.8 million and RMB3.9 million, respectively.

The above mentioned annual caps in respect of the commercial property management services have been estimated primarily based on similar commercial property management agreements entered into by other listed hospitality business, trusts and real estate investment trusts which invest in commercial assets.

3. *Framework lease agreement*

Members of the Sinochem Conglomerate and members of the China Jinmao Group have entered into, and may in the future from time to time renew and enter into, lease agreements with the Group for office space in Jin Mao Tower (the "Individual Lease Agreements"). The total rental paid by the tenants under the Individual Lease Agreements include (i) the rental rates of the office space leased, (ii) the management fees of the relevant office space and (iii) various other fees. The management fees are charged by the property management company and may be adjusted upwards due to an increase in property management costs. The other fees are sundry charges actually incurred by the tenants, which include but are not limited to parking space rentals, car-park management fees, parking fees, utilities and overtime air-conditioning fees. The Individual Lease Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group. In addition, the Individual Lease Agreements entered into with members of the Sinochem Conglomerate and members of the China Jinmao Group are renewable, subject to consent from the relevant parties.

The Company has entered into (i) a master framework lease agreement with Sinochem Group dated 13 June 2014 (the "Sinochem Framework Lease Agreement") and (ii) a master framework lease agreement with China Jinmao dated 13 June 2014 (the "China Jinmao Framework Lease Agreement", together with the Sinochem Framework Lease Agreement, the "Framework Lease Agreements") to supplement the Individual Lease Agreements for these continuing connected transactions such that the terms shall be on normal commercial terms. All existing and future Individual Lease Agreements entered into by members of the Sinochem Conglomerate and members of the China Jinmao Group with the Group will be regulated by their respective Framework Lease Agreements.

Each Framework Lease Agreement took effect on the Listing Date, will be valid for a period of three years and be automatically renewable for successive periods of three years thereafter, subject to compliance with applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the respective Framework Lease Agreements.

The rentals received from each of the Sinochem Conglomerate and the China Jinmao Group to the Group were determined based on arm's length negotiations between the Group and each lessee of the Individual Leasing Agreements on the then prevailing market rates and on normal commercial terms.

In accordance with Rule 14A.53 of the Listing Rules, the Group has aggregated the annual caps for the Framework Lease Agreements, which are set with reference to the aggregate rental income received under the Individual Lease Agreements during the three years ended 31 December 2013 and the Group has also taken into account the following key factors in estimating the annual caps for the three years under each of the Framework Lease Agreements:

- the agreed rental rates in the existing Individual Lease Agreements and the prevailing rental rates of office space in, and in the proximity of, Jin Mao Tower which are leased to independent third parties;
- the previous adjustments of rental rates of office space in, and in the proximity of, Jin Mao Tower, and assuming that all the Individual Lease Agreements will be renewed based on the then rental rates when these existing leases expire, it is estimated that there will be an average annual upward adjustment of approximately 7% for the rental rates for each of the three years from 2014 to 2016;
- given that the management fees, which are payable under the Individual Lease Agreements, may be adjusted under the Individual Lease Agreements by taking into account the rate of property management costs in Shanghai, it has been estimated an annual upward adjustment of 7% to the management fees for each of the three years from 2014 to 2016;
- the business growth and demand of each of the members of the Sinochem Group and its subsidiaries (other than the Trust Group and the China Jinmao Group) and the members of the China Jinmao Group for office space, given the significance of the Shanghai market to the businesses of members of the Sinochem Conglomerate and members of the China Jinmao Group. During FY2015, the total floor area rented by members of the Sinochem Conglomerate was approximately 24,552 sq.m., and the total floor area rented by members of the China Jinmao Group was approximately 2,904 sq.m.; and
- on the basis of the general increase in the market prices of the other fees, in particular, parking space rentals, it has been estimated an annual increase of 10% to the other fees for each of the three years from 2014 to 2016.

On the basis of the above key factors, the aggregate rental payable to the Group under the Framework Lease Agreements for FY2014, FY2015 and FY2016 are approximately RMB106.6 million, RMB130.2 million and RMB166.7 million, respectively.

D. Waiver application for non-exempt continuing connected transactions

The Trustee-Manager and the Company have applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver from strict compliance with the announcement requirement and, if applicable, the approval of independent Holders of Share Stapled Units requirement of the Listing Rules relating to each of the above non-exempt continuing connected transactions in respect of the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements.

In addition, the Trustee-Manager and the Company have also applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver from Rule 14A.53 of the Listing Rules in relation to the setting of monetary annual caps for the fees payable under the Hotel Property Management Agreement for the duration of the Hotel Property Management Agreement as more particularly set out in the description of this transaction in paragraph 1 under "— C. Non-exempt Continuing Connected Transactions" above.

Apart from the requirement with which strict compliance has been waived by the Stock Exchange as described above, the Trustee-Manager and the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules that are applicable to the continuing connected transactions under the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements.

Save as disclosed above, further details and conditions of exempt continuing connected transactions and waivers are set out in the Prospectus.

E. Review on connected transactions

Pursuant to Rule 14A.55 of the Listing Rules, the Directors of the Trustee-Manager and the Company (including independent non-executive Directors) have reviewed the above continuing connected transactions in the year ended 31 December 2015 and acknowledged that such transactions are:

(1) entered into in the normal and ordinary course of business of the Company;

(2) on normal commercial terms or terms no less favourable than those offered by or available from independent third parties to the Trust Group; and

(3) conducted in accordance with terms of agreements governing such transactions which are fair and reasonable and in the interest of Holders of Share Stapled Units as a whole.

The auditor of the Trustee-Manager and the Company has been engaged to report on the above connected transactions of the Trust Group in accordance with the Hong Kong Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information with reference to Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules.

The auditor has issued an unqualified letter in accordance with Rule 14A.56 of the Listing Rules containing its findings and conclusion on the above continuing connected transactions of the Trust Group. The Trustee-Manager and the Company has submitted a copy such letter to the Stock Exchange no later than 10 business days before the bulk printing of this report.

The Trustee-Manager Board acknowledged that amounts paid or payable to the Trustee-Manager for the Trust Property under the Trust are in compliance with the Trust Deed, and that they were not aware of any misconduct of the Trustee-Manager which may have a material and adverse effect on the operation of the Trust or the interest of all Holders of Share Stapled Units as a whole.

Sufficiency of public float

For the year ended 31 December 2015, based on publicly available information to the Trustee-Manager and the Company and to the best knowledge of the Directors, the public float of Share Stapled Units of the Trust Group in issue was sufficient and above 25%.

Material acquisitions and disposals

For the year ended 31 December 2015, no material acquisition or disposal was carried out by the Group.

Material Litigation

For the year ended 31 December 2015, the Trust Group was not subject to any material litigation that could have an adverse impact on the Trust Group.

Auditors

The financial statements of the Trust Group and the Trustee-Manager have been audited by Ernst & Young, who has offered themselves for reappointment. A resolution will be proposed at the forthcoming 2015 AGM of Holders of Share Stapled Units to re-appoint Ernst & Young as the auditors of the Company and the Trustee-Manager.

Corporate governance

The Trust, the Trustee-Manager and the Company embraced the importance of maintaining and developing high standard corporate governance practices to protect and safeguard the interest of Holders of Share Stapled Units. The Trustee-Manager and the Company have been in compliance with all applicable code provisions under the Corporate Governance Code for the year ended 31 December 2015, and had adopted certain best practices recommended therein where applicable.

Further details of the corporate governance code and practices of the Company are set out in the consolidated corporate governance report on pages 79 to 98 of this report.

By Order of the Board
Jinmao (China) Investments Manager Limited (as the Trustee-Manager of the Trust) and
Jinmao (China) Investments Holdings Limited

Non-executive Director
LI Congrui
(Assuming the role and duties of the Chairman)
Hong Kong, 21 March 2016

EY 安永

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To the holders of share stapled units of
Jinmao Investments and Jinmao (China) Investments Holdings Limited
(Jinmao Investments is a trust constituted under the laws of Hong Kong; Jinmao (China) Investments Holdings Limited is registered in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Jinmao Investments (the "Trust"), Jinmao (China) Investments Holdings Limited (the "Company") and its subsidiaries (together, the "Trust Group") and of the Company and its subsidiaries (the "JCIHL Group") set out on pages 115 to 190 (together referred to as the "Trust and the Company's consolidated financial statements"). As explained in note 2.1 to the Trust and the Company's consolidated financial statements, the consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together. The Trust and the Company's consolidated financial statements together comprise the consolidated statement of financial position of the Trust Group and of the JCIHL Group as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Trust Group and of the JCIHL Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the Trust and the Company's consolidated financial statements

The directors of Jinmao (China) Investments Manager Limited (the "Trustee-Manager") (in its capacity as the trustee-manager of the Trust) and the directors of the Company are responsible for the preparation of the Trust and the Company's 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 the Trust and the Company's consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the Trust and the Company's consolidated financial statements based on our audit. Our report is made 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.

Auditors' responsibility (Continued)

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 auditors' 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 auditors consider internal control relevant to the entity's preparation of 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.

Opinion

In our opinion, the Trust and the Company's consolidated financial statements give a true and fair view of the financial position of the Trust Group and the JCIHL Group as at 31 December 2015, and of 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.

Ernst & Young
Certified Public Accountants
Hong Kong
21 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	6	**2,973,963**	2,761,146
Cost of sales		**(1,307,139)**	(1,207,786)
Gross profit		**1,666,824**	1,553,360
Other income and gains	6	**157,494**	42,423
Fair value gains on investment properties	15	**390,828**	1,339,882
Selling and marketing expenses		**(174,559)**	(266,812)
Administrative expenses		**(803,528)**	(896,941)
Other expenses and losses, net		**(2,995)**	92
Finance costs	8	**(420,131)**	(374,385)
Share of profits of joint ventures		**4,062**	3,179
PROFIT BEFORE TAX	7	**817,995**	1,400,798
Income tax expense	11	**(275,403)**	(493,689)
PROFIT FOR THE YEAR		**542,592**	907,109
EARNINGS PER SHARE STAPLED UNIT/SHARE OF THE COMPANY	13		
Basic		**HK27.13 cents**	HK53.33 cents
Diluted		**HK27.13 cents**	HK53.33 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	**542,592**	907,109
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(791,805)**	(40,530)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(791,805)**	(40,530)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(249,213)**	866,579

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	14	**8,903,734**	9,210,348
Investment properties	15	**10,031,731**	10,257,292
Prepaid land lease payments	16	**1,558,214**	1,711,052
Other intangible assets	17	**19,307**	21,590
Prepayments	21	**–**	2,957
Investments in joint ventures	18	**46,365**	45,101
Deferred tax assets	27	**5,574**	29,118
Total non-current assets		**20,564,925**	21,277,458
CURRENT ASSETS			
Inventories	19	**23,525**	27,457
Trade receivables	20	**84,719**	52,215
Prepayments, deposits and other receivables	21	**267,912**	152,461
Due from related parties	22	**8,458**	1,788
Restricted bank balances	23	**28,832**	23,421
Cash and cash equivalents	23	**774,142**	1,105,562
Total current assets		**1,187,588**	1,362,904
CURRENT LIABILITIES			
Trade payables	24	**147,210**	125,768
Other payables and accruals	25	**1,238,768**	1,326,715
Interest-bearing bank borrowings	26	**2,303,742**	2,182,963
Due to related parties	22	**1,733,444**	1,784,391
Tax payable		**75,847**	50,832
Total current liabilities		**5,499,011**	5,470,669
NET CURRENT LIABILITIES		**(4,311,423)**	(4,107,765)
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,253,502**	17,169,693
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	26	**5,993,950**	6,139,169
Deferred tax liabilities	27	**1,931,284**	1,923,755
Total non-current liabilities		**7,925,234**	8,062,924
Net assets		**8,328,268**	9,106,769

CONSOLIDATED
STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
EQUITY			
Share capital	28	**2,000**	2,000
Reserves	29	**8,326,268**	9,104,769
Total equity		**8,328,268**	9,106,769

Li Congrui
Director

Zhang Hui
Director

	Notes	Share capital HK$'000	Share premium account HK$'000	Merger reserve HK$'000 (note 29)	Capital reserve HK$'000 (note 29)	PRC statutory surplus reserve HK$'000 (note 29)	Exchange fluctuation reserve HK$'000	Asset revaluation reserve HK$'000 (note 29)	Retained profits HK$'000	Total equity HK$'000
At 1 January 2014		7,800	10,072,223	(6,536,532)	(45,615)	512,674	2,209,802	83,751	5,626,554	11,930,657
Profit for the year		–	–	–	–	–	–	–	907,109	907,109
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations		–	–	–	–	–	(40,530)	–	–	(40,530)
Total comprehensive income/(loss) for the year		–	–	–	–	–	(40,530)	–	907,109	866,579
Share repurchase and cancellation	28	(7,800)	–	–	–	–	–	–	–	(7,800)
Issue of share stapled units in connection with group reorganisation	28	1,400	6,400	–	–	–	–	–	–	7,800
Issue of share stapled units in connection with the listing of share stapled units	28	600	3,209,400	–	–	–	–	–	–	3,210,000
Share issue expenses		–	(96,656)	–	–	–	–	–	–	(96,656)
Distribution to a shareholder		–	–	(482,564)	–	–	–	–	–	(482,564)
Special dividends declared	12	–	(6,321,247)	–	–	–	–	–	–	(6,321,247)
Transfer from retained profits		–	–	–	–	19,131	–	–	(19,131)	–
At 31 December 2014 and 1 January 2015		2,000	6,870,120*#	(7,019,096)*	(45,615)*	531,805*	2,169,272*	83,751*	6,514,532*	9,106,769
Profit for the year		–	–	–	–	–	–	–	542,592	542,592
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations		–	–	–	–	–	(791,805)	–	–	(791,805)
Total comprehensive income/(loss) for the year		–	–	–	–	–	(791,805)	–	542,592	(249,213)
Contribution from a shareholder		–	–	–	36,621	–	–	–	–	36,621
Final 2014 distributions declared		–	(228,996)	–	–	–	–	–	–	(228,996)
2015 interim distributions	12	–	(336,913)	–	–	–	–	–	–	(336,913)
Transfer from retained profits		–	–	–	–	24,287	–	–	(24,287)	–
At 31 December 2015		2,000	6,304,211*	(7,019,096)*	(8,994)*	556,092*	1,377,467*	83,751*	7,032,837*	8,328,268

Share premium account has been adjusted for the proposed final 2014 distributions in accordance with the current year's presentation, which is described in note 3 to the financial statements.

* These reserve accounts comprise the consolidated reserves of HK$8,326,268,000 as at 31 December 2015 (2014: HK$9,104,769,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**817,995**	1,400,798
Adjustments for:			
Finance costs	8	**420,131**	374,385
Share of profits of joint ventures		**(4,062)**	(3,179)
Bank interest income	6	**(12,829)**	(14,656)
Other interest income	6	**(8)**	(8,484)
Loss/(gain) on disposal of items of property, plant and equipment and intangible assets	7	**2,914**	(3,986)
Impairment/(reversal of impairment) of trade receivables	7	**81**	(92)
Fair value gains on investment properties	15	**(390,828)**	(1,339,882)
Depreciation	7, 14	**326,748**	250,887
Recognition of prepaid land lease payments	7	**54,614**	51,862
Amortisation of intangible assets	7, 17	**5,077**	4,166
		1,219,833	711,819
Decrease/(increase) in inventories		**3,932**	(2,325)
(Increase)/decrease in trade receivables		**(32,585)**	2,726
(Increase)/decrease in prepayments, deposits and other receivables		**(75,922)**	25,662
(Increase)/decrease in amounts due from related parties		**(6,670)**	13,509
Increase in trade payables		**21,442**	28,856
(Decrease)/increase in other payables and accruals		**(24,044)**	115,493
(Decrease)/increase in amounts due to related parties		**(16,379)**	1,593,977
Exchange differences		**354,411**	(89,518)
Cash generated from operations		**1,444,018**	2,400,199
Interest received		**12,837**	23,140
PRC corporate income tax paid		**(103,030)**	(110,613)
Net cash flows from operating activities		**1,353,825**	2,312,726
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(665,989)**	(1,515,174)
Proceeds from disposal of items of property, plant and equipment and intangible assets		**360**	11,224
Additions to investment properties	15	**(4,454)**	(7,779)
Additions to prepaid land lease payments	16	**(217)**	(6,435)
Additions to intangible assets	17	**(4,011)**	(15,445)
Decrease in amounts due from related parties		**–**	381,570
Dividends received from joint ventures		**2,053**	–
Increase in restricted bank balances		**(5,411)**	(23,416)
Net cash flows used in investing activities		**(677,669)**	(1,175,455)

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share stapled units	28	–	3,210,000
Share issue expenses		–	(96,656)
New bank and other borrowings		**9,530,387**	12,535,770
Repayment of bank and other borrowings		**(9,508,297)**	(9,678,056)
Interest paid		**(390,569)**	(362,057)
Special dividends paid	12	–	(6,321,247)
Distribution to a shareholder		–	(482,564)
Distributions paid to holders of Share Stapled Units		**(565,909)**	–
Net cash flows used in financing activities		**(934,388)**	(1,194,810)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(258,232)**	(57,539)
Cash and cash equivalents at beginning of year		**1,105,562**	1,183,337
Effect of foreign exchange rate changes, net		**(73,188)**	(20,236)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**774,142**	1,105,562
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	**632,593**	909,076
Non-pledged time deposits with original maturity of less than three months when acquired		**77,136**	67,835
Non-pledged time deposits with original maturity of over three months when acquired with an option to withdraw upon demand similar to demand deposits		**64,413**	128,651
Cash and cash equivalents as stated in the consolidated statement of financial position	23	**774,142**	1,105,562

1. CORPORATE AND TRUST GROUP INFORMATION AND GROUP REORGANISATION

Jinmao (China) Investments Holdings Limited (the "Company"), formerly known as Wise Pine Limited, was incorporated in the British Virgin Islands as a company with limited liability on 18 January 2008 and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

Jinmao Investments (the "Trust") was constituted as a trust on 13 June 2014 by a Hong Kong law governed trust deed (the "Trust Deed") entered into between Jinmao (China) Investments Manager Limited (the "Trustee-Manager", in its capacity as the trustee-manager of the Trust) and the Company. The scope of activities of the Trust specified in the Trust Deed is essentially limited to investing in the Company, and the powers, authorities and rights of the Trustee-Manager conferred by the Trust Deed are commensurately limited.

The share stapled units (the "Share Stapled Units") structure comprises: (i) a unit in the Trust; (ii) a beneficial interest in a specifically identified ordinary share in the Company which is "linked" to the unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (iii) a specifically identified preference share in the Company which is "stapled" to the unit. The Share Stapled Units jointly issued by the Trust and the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 July 2014 (the "Listing Date") (the "Listing").

The Company is an investment holding company. During the year, the Trust, the Company and its subsidiaries (hereinafter collectively referred to as the "Trust Group") were principally engaged in the hotel operations, property leasing and provision of property management services in the People's Republic of China (the "PRC").

In the opinion of the directors of the Trustee-Manager and the Company (the "Directors"), China Jinmao Holdings Group Limited ("China Jinmao") (formerly known as "Franshion Properties (China) Limited"), a company incorporated in Hong Kong and listed on the Stock Exchange, is the immediate holding company of the Trust and the Company, and the ultimate holding company of the Trust and the Company is Sinochem Group, a company established in the PRC and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

In order to rationalise the corporate structure of the Trust Group in preparation for the Listing, the Trust and the Company underwent a group reorganisation (the "Reorganisation"), further details of which are set out in the Trust and the Company's prospectus dated 19 June 2014 (the "Prospectus").

1. CORPORATE AND TRUST GROUP INFORMATION AND GROUP REORGANISATION (Continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company		Principal activities
			Direct	Indirect	
Grace Circle Development Limited	BVI/Hong Kong	US$1	100	–	Investment holding
Most Giant Limited	Hong Kong	HK$2	100	–	Investment holding
Forever Eagle Limited	Hong Kong	HK$1	–	100	Investment holding
中國金茂(集團)有限公司 China Jin Mao (Group) Company Limited * #	PRC/ Mainland China	RMB2,635,000,000	–	100	Hotel operation and property investment
金茂(上海)物業服務有限公司 Jin Mao (Shanghai) Property Management Co., Ltd ** #	PRC/ Mainland China	RMB5,000,000	–	100	Property management
金茂(北京)置業有限公司 Beijing Jin Mao Real Estate Company Limited ** #	PRC/ Mainland China	RMB1,600,000,000	–	100	Hotel operation
金茂(三亞)度假酒店有限公司 Jin Mao Sanya Resort Hotel Company Limited ** #	PRC/ Mainland China	RMB300,000,000	–	100	Hotel operation
金茂(三亞)旅業有限公司 Jin Mao Sanya Tourism Company Limited ** #	PRC/ Mainland China	RMB500,000,000	–	100	Hotel operation
金茂(海南)投資有限公司 Jin Mao Hainan Investment Company Limited ** #	PRC/ Mainland China	RMB200,000,000	–	100	Investment holding

1. CORPORATE AND TRUST GROUP INFORMATION AND GROUP REORGANISATION (Continued)

Information about subsidiaries (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Trust and the Company		Principal activities
			Direct	Indirect	
金茂深圳酒店投資有限公司 Jin Mao Shenzhen Hotel Investment Company Limited ** #	PRC/ Mainland China	RMB700,000,000	–	100	Hotel operation
金茂(麗江)酒店投資有限公司 Jin Mao (Li Jiang) Hotel Investment Company Limited ** #	PRC/ Mainland China	RMB100,000,000	–	100	Hotel operation
王府井飯店管理有限公司 Wangfujing Hotel Management Company Limited * #	PRC/ Mainland China	US$73,345,000	–	100	Hotel operation
驪隆(上海)酒店管理有限公司 Li Long (Shanghai) Hotel Management Company Limited ** #	PRC/ Mainland China	RMB760,000,000	–	100	Hotel operation

The names of these companies referred to in these financial statements represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

* Registered as wholly-foreign-owned enterprises under PRC law

** Registered as limited liability companies under PRC law

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PRESENTATION

In accordance with the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The Trust's consolidated financial statements for the year ended 31 December 2015 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries. The Company's consolidated financial statements for the year ended 31 December 2015 comprise the consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "JCIHL Group").

The Trust controls the Company and the sole activity of the Trust during the year ended 31 December 2015 was investing in the Company. Therefore, the consolidated results and financial position that would be presented in the consolidated financial statements of the Trust are identical to the consolidated financial results and financial position of the Company with the only difference being disclosures of capital of the Company. The Directors believe therefore that it is clearer to present the consolidated financial statements of the Trust and the Company together. The consolidated financial statements of the Trust and the consolidated financial statements of the Company are presented together to the extent they are identical and are hereinafter referred as the "Trust and the Company's consolidated financial statements".

The consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of financial position, the consolidated statements of changes in equity, the consolidated statements of cash flows, the significant accounting policies and the related explanatory information are common to the Trust and the Company.

The Trust Group and the JCIHL Group are referred as the "Groups".

Pursuant to the Reorganisation, the Trust was established on 13 June 2014 and the Company became the holding company of the companies then comprising the Groups prior to the Listing Date. Since the Trust, the Company and the companies then comprising the Groups were under common control of China Jinmao both before and after the Reorganisation, the Reorganisation was accounted for using the principles of merger accounting.

The consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Groups for the year ended 31 December 2014 include the results and cash flows of all companies then comprising the Groups from the earliest date presented or since the date when the subsidiaries first came under the common control of China Jinmao, where this is a shorter period. The consolidated statement of financial position of the Groups as at 31 December 2014 has been prepared to present the assets and liabilities of the Groups using the existing carrying values from China Jinmao's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities recognised as a result of the Reorganisation. Equity interests in subsidiaries held by parties other than China Jinmao prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Trust and the Company's consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. The Trust and the Company's consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The Trust's consolidated financial statements for the year ended 31 December 2015 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries. The Company's consolidated financial statements for the year ended 31 December 2015 comprise the consolidated financial statements of the Company and its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Trust and Company. Control is achieved when the Groups are exposed, or have rights, to variable returns from the Groups' involvement with the investee and have the ability to affect those returns through the Groups' power over the investee (i.e., existing rights that give the Groups the current ability to direct the relevant activities of the investee).

When the Trust and the Company have, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Groups consider all relevant facts and circumstances in assessing whether the Groups have power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Groups' voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Trust and the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Groups obtain control, and continue to be consolidated until the date that such control ceases. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the principles of merger accounting.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book value. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

2.2 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Groups and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Groups are eliminated in full on consolidation.

The Groups reassess whether or not they control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Groups lose control over a subsidiary, the Groups derecognise (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognise (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Groups' share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Groups had directly disposed of the related assets or liabilities.

2.3 NET CURRENT LIABILITIES

The Groups had net current liabilities of HK$4,311,423,000 as at 31 December 2015 (2014: HK$4,107,765,000). The Directors are of the opinion that, based on a detailed review of the working capital forecast of the Groups and the available unutilised banking facilities, the Groups will have the necessary liquid funds to finance the Groups' working capital and to meet the Groups' capital expenditure requirements.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the Trust and the Company's consolidated financial statements on a going concern basis. Should the Groups be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Trust and the Company's consolidated financial statements.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Groups have adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Groups as the Groups do not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Groups.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Groups as the Groups do not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Groups as the Groups do not receive any management services from other entities.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment has had no impact on the Groups as the Trust and the Company are not joint arrangements and the Groups did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment has had no impact on the Groups as the Groups do not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment has had no impact on the Groups as the Groups did not acquire any investment properties during the year and so this amendment is not applicable.

In addition, the Trust and the Company have adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.5 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Groups have not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Trust and the Company's consolidated financial statements:

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Groups
4 No mandatory effective date determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Groups is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Groups expect to adopt HKFRS 9 from 1 January 2018. The Groups are currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

2.5 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Groups upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Groups expect to adopt HKFRS 15 on 1 January 2018 and are currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

2.5 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Groups expect to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Groups' financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Groups upon adoption on 1 January 2016 as the Groups have not used a revenue-based method for the calculation of depreciation of the Groups' non-current assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in joint ventures

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

The Groups' investments in joint ventures are stated in the consolidated statement of financial position at the Groups' share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Groups' share of the post-acquisition results and other comprehensive income of joint ventures are included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Groups recognise their share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Groups and the Groups' joint ventures are eliminated to the extent of the Groups' investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Groups' investments in joint ventures.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Groups measure their investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Groups. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Groups use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Groups determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and 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, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Groups if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Groups;

(ii) has significant influence over the Groups; or

(iii) is a member of the key management personnel of the Groups or of a parent of the Groups;

or

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Groups are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Groups are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Groups or an entity related to the Groups;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Groups or to the parent of the Groups.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Groups recognise such parts as individual assets with specific useful lives and depreciate them accordingly.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7% – 2.8%
Leasehold improvements	18% – 20%
Buildings	2% – 5%
Furniture, fixtures and office equipment	3.8% – 33.3%
Motor vehicles	8.3% – 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Groups as an owner-occupied property becomes an investment property, the Groups account for such property as a revalued asset at the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and is dealt with as movements in the asset revaluation reserve, if the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Groups as an owner-occupied property becomes an investment property, the Groups account for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Groups are the lessor, assets leased by the Groups under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Groups are the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Groups commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses and losses for receivables.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Trust and the Company's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Groups have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Groups have transferred substantially all the risks and rewards of the asset, or (b) the Groups have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Groups have transferred the Groups' rights to receive cash flows from an asset or have entered into a pass-through arrangement, the Groups evaluate if and to what extent the Groups have retained the risk and rewards of ownership of the asset. When the Groups have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Groups continue to recognise the transferred asset to the extent of the Groups' continuing involvement. In that case, the Groups also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Groups have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Groups could be required to repay.

Impairment of financial assets

The Groups assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Groups first assess whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Groups determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, they include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Groups.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses and losses in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Groups' financial liabilities include trade and other payables and accruals, amounts due to related parties and interest-bearing bank and other borrowings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Groups' cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in countries in which the Groups operate.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Groups and when the revenue can be measured reliably, on the following bases:

(a) hotel and other service income, in the period in which such services are rendered;

(b) rental income, on a time proportion basis over lease terms, except for contingent rental income which is recognised when it arises, where premiums received to terminate leases are recognised in the statement of profit or loss when they arise;

(c) from the rendering of property management services, in the period in which such services are rendered;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Pension schemes

The Groups operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of the Groups' employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Groups in an independently administered fund. The Groups' employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Groups' subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividends/distributions

Final dividends/distributions are recognised as a liability when they are approved by the shareholders/holders of Share Stapled Units in a general meeting. In prior years, final dividends/distributions proposed by the Directors were classified as a separate allocation of retained profits and/or share premium account within the equity section of the statement of financial position, until they have been approved by the shareholders/holders of Share Stapled Units in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends/distributions are disclosed in the notes to the financial statements.

Foreign currencies

The Trust and the Company's consolidated financial statements are presented in Hong Kong dollars, which is the Trust's and the Company's functional currency. Each entity in the Groups determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Groups are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of all subsidiaries and joint ventures operating in Mainland China is Renminbi ("RMB"). As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of all subsidiaries and joint ventures operating in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of all subsidiaries and joint ventures operating in Mainland China which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Trust and the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Groups' accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Trust and the Company's consolidated financial statements:

Operating lease commitments – Groups as lessor

The Groups have entered into commercial property leases on the Groups' investment property portfolio. The Groups have determined, based on an evaluation of the terms and conditions of the arrangements, that the Groups retain all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Groups determine whether a property qualifies as an investment property, and have developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Groups consider whether a property generates cash flows largely independently of the other assets held by the Groups. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Groups account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Withholding tax arising from the distribution of dividends

The Groups' determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

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.

Impairment of trade and other receivables

The policy for impairment of trade and other receivables of the Groups is based on the ongoing evaluation of the collectability, aging analysis of the outstanding receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Groups were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Groups consider information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31 December 2015 was HK$10,031,731,000 (2014: HK$10,257,292,000). Further details, including the key assumptions used for fair value measurement, are given in note 15 to the Trust and the Company's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets

The Groups assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

PRC corporate income tax

The Groups are subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters are different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable as at 31 December 2015 was HK$75,847,000 (2014: HK$50,832,000).

5. OPERATING SEGMENT INFORMATION

For management purposes, the Groups are organised into business units based on the products and services they provided and have three reportable operating segments as follows:

(a) the property leasing segment leases office and commercial premises;

(b) the hotel operations segment provides hotel accommodation services; and

(c) the "others" segment mainly comprises the provision of property management and the operation of an observation deck.

Management monitors the results of the Groups' operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Groups' profit before tax except that interest income and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, amounts due from related parties, restricted bank balances, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, amounts due to related parties, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

Geographical information

The Groups' operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Groups' significant non-current assets are located in Mainland China.

Information about major customers

For the years ended 31 December 2014 and 2015, there was no revenue from any single external customer which accounted for 10% or more of the Groups' total revenue.

5. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2015

	Property leasing HK$'000	Hotel operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	636,781	2,173,388	163,794	2,973,963
Segment results	920,576	285,121	35,174	1,240,871
Reconciliation:				
Interest income				12,837
Corporate and other unallocated expenses				(15,582)
Finance costs				(420,131)
Profit before tax				817,995
Segment assets	10,066,151	15,839,617	152,866	26,058,634
Reconciliation:				
Elimination of intersegment receivables				(11,014,087)
Corporate and other unallocated assets				6,707,966
Total assets				21,752,513
Segment liabilities	328,873	8,214,881	55,672	8,599,426
Reconciliation:				
Elimination of intersegment payables				(10,974,244)
Corporate and other unallocated liabilities				15,799,063
Total liabilities				13,424,245
Other segment information:				
Share of profits of joint ventures	–	–	4,062	4,062
Depreciation and amortisation	2,430	324,214	5,181	331,825
Recognition of prepaid land lease payments	–	54,614	–	54,614
Loss on disposal of items of property, plant and equipment	–	2,876	38	2,914
Impairment losses recognised in the statement of profit or loss	–	81	–	81
Fair value gains on investment properties	390,828	–	–	390,828
Investments in joint ventures	–	–	46,365	46,365
Capital expenditure*	7,868	584,647	2,352	594,867

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

5. OPERATING SEGMENT INFORMATION (Continued)

For the year ended 31 December 2014

	Property leasing HK$'000	Hotel operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	568,373	2,023,440	169,333	2,761,146
Segment results	1,734,063	60,568	27,076	1,821,707
Reconciliation:				
Interest income				23,140
Corporate and other unallocated expenses				(69,664)
Finance costs				(374,385)
Profit before tax				1,400,798
Segment assets	10,268,017	16,992,965	159,833	27,420,815
Reconciliation:				
Elimination of intersegment receivables				(10,914,996)
Corporate and other unallocated assets				6,134,543
Total assets				22,640,362
Segment liabilities	317,275	7,807,693	58,619	8,183,587
Reconciliation:				
Elimination of intersegment payables				(9,988,138)
Corporate and other unallocated liabilities				15,338,144
Total liabilities				13,533,593
Other segment information:				
Share of profits of joint ventures	–	–	3,179	3,179
Depreciation and amortisation	2,038	248,919	4,096	255,053
Recognition of prepaid land lease payments	–	51,862	–	51,862
Gain on disposal of items of property, plant and equipment and intangible assets	–	(3,720)	(266)	(3,986)
Reversal of impairment recognised in the statement of profit or loss	–	(92)	–	(92)
Fair value gains on investment properties	1,339,882	–	–	1,339,882
Investments in joint ventures	–	–	45,101	45,101
Capital expenditure*	10,156	1,646,867	2,480	1,659,503

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the income from hotel operations, property management and related services rendered, net of business tax; and gross rental income from investment properties, net of business tax, during the year.

An analysis of revenue, other income and gains is as follows:

	2015 HK$'000	2014 HK$'000
Revenue		
Hotel operations	2,173,388	2,023,440
Gross rental income	636,781	568,373
Others	163,794	169,333
	2,973,963	2,761,146
Other income		
Bank interest income	12,829	14,656
Government grants*	117,316	10,632
Other interest income	8	8,484
	130,153	33,772
Gains		
Gain on disposal of items of property, plant and equipment and intangible assets	–	3,986
Others	27,341	4,665
	27,341	8,651
	157,494	42,423

* Various government grants have been received from the relevant authorities for the Groups' businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

The Groups' profit before tax is arrived at after charging/(crediting):

	Notes	2015 HK$'000	2014 HK$'000
Cost of services provided		**1,307,139**	1,207,786
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**53,089**	59,158
Depreciation	14	**326,748**	250,887
Amortisation of intangible assets	17	**5,077**	4,166
Minimum lease payments under operating leases		**8,281**	6,690
Recognition of prepaid land lease payments	16	**55,043**	54,711
Less: Amount capitalised		**(429)**	(2,849)
		54,614	51,862
Auditors' remuneration		**1,750**	1,750
Employee benefit expense (including directors' and chief executive's remuneration (note 9)):			
Wages and salaries		**575,589**	578,866
Pension scheme contributions (defined contribution schemes)		**65,453**	59,183
Less: Amount capitalised		**(907)**	(2,241)
Net pension scheme contributions*		**64,546**	56,942
		640,135	635,808
Foreign exchange differences, net		**13,864**	3,689
Loss/(gain) on disposal of items of property, plant and equipment and intangible assets**		**2,914**	(3,986)
Impairment/(reversal of impairment) of trade receivables***	20	**81**	(92)

* As at 31 December 2015, the Groups had no forfeited contributions available to reduce the Groups' contributions to the pension schemes in future years (2014: Nil).

** This item is included in "Other expenses and losses, net" in the consolidated statement of profit or loss (2014 : included in "Other income and gains" in the consolidated statement of profit or loss).

*** This item is included in "Other expenses and losses, net" in the consolidated statement of profit or loss.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	2015 HK$'000	2014 HK$'000
Interest on bank loans and notes		381,735	353,439
Interest on other loans due to a fellow subsidiary	33(a)	9,682	18,316
Amortisation of ancillary costs incurred in connection with the arrangement of bank loans		28,714	14,356
Total interest expense		420,131	386,111
Less: Interest capitalised		–	(11,726)
		420,131	374,385

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 HK$'000	2014 HK$'000
Fees	600	300
Other emoluments:		
Salaries, allowances and benefits in kind	1,737	1,487
Performance related bonuses*	1,519	–
Pension scheme contributions	498	431
	3,754	1,918
	4,354	2,218

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the Groups' operations.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015 HK$'000	2014 HK$'000
Dr. Chung Shui Ming Timpson	200	100
Dr. Chen Jieping	200	100
Dr. Xin Tao (note 1)	112	–
Dr. Zhang Rungang (note 2)	88	100
	600	300

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive director, non-executive directors and the chief executive

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2015					
Executive director:					
Mr. Zhang Hui (note 5)	–	1,737	1,519	498	3,754
Non-executive directors:					
Mr. He Cao (note 4)	–	–	–	–	–
Mr. Cai Xiyou (note 3)	–	–	–	–	–
Mr. Li Congrui (note 6)	–	–	–	–	–
Mr. Jiang Nan	–	–	–	–	–
	–	–	–	–	–
	–	1,737	1,519	498	3,754
2014					
Executive director:					
Mr. Zhang Hui (note 5)	–	1,487	–	431	1,918
Non-executive directors:					
Mr. He Cao (note 4)	–	–	–	–	–
Mr. Li Congrui (note 6)	–	–	–	–	–
Mr. Jiang Nan	–	–	–	–	–
	–	–	–	–	–
	–	1,487	–	431	1,918

Notes:

(1) Dr. Xin Tao was appointed as an independent non-executive director of the Trustee-Manager and the Company on 9 June 2015.

(2) Dr. Zhang Rungang resigned as an independent non-executive director of the Trustee-Manager and the Company with effect from 9 June 2015.

(3) Mr. Cai Xiyou was appointed as a non-executive director and the chairman of the Trustee-Manager and the Company on 9 October 2015 and resigned as a non-executive director and the chairman of the Trustee-Manager and the Company with effect from 15 March 2016.

(4) Mr. He Cao retired as the chairman and a non-executive director of the Trustee-Manager and the Company with effect from 9 October 2015.

(5) Mr. Zhang Hui is also the chief executive of the Trust-Manager and the Company.

(6) Mr. Li Congrui is also authorised to assume the role and duties of the chairman of the Trustee-Manager and the Company with effect from 15 March 2016.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2014: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included the chief executive (2014: the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2014: four) highest paid employees who are neither a director nor chief executive of the Trustee-Manager and the Company are as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	2,594	2,933
Performance related bonuses	3,248	2,712
Pension scheme contributions	905	976
	6,747	6,621

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	4	3
HK$2,000,001 to HK$2,500,000	–	–
	4	4

11. INCOME TAX

	2015 HK$'000	2014 HK$'000
Current – PRC corporate income tax	128,045	116,345
Deferred (note 27)	147,358	377,344
Total tax charge for the year	275,403	493,689

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Groups did not generate any assessable profits arising in Hong Kong during the year (2014: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2014: 25%) on the taxable profits of the Groups' PRC subsidiaries during the year.

11. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdiction in which the Trust, the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2015

	Mainland China		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	954,751		(136,756)		817,995	
Tax at the statutory tax rate	238,688	25.0	(22,565)	16.5	216,123	26.4
Profits and losses attributable to joint ventures	(1,015)	(0.1)	–	–	(1,015)	(0.1)
Income not subject to tax	–	–	(567)	0.4	(567)	(0.1)
Expenses not deductible for tax	5,603	0.6	23,132	(16.9)	28,735	3.6
Tax losses utilised from previous periods	(13,106)	(1.4)	–	–	(13,106)	(1.6)
Tax losses not recognised	33,526	3.5	–	–	33,526	4.1
Write-down of deferred tax assets previously recognised	11,707	1.2	–	–	11,707	1.4
Tax charge at the Groups' effective rate	275,403	28.8	–	–	275,403	33.7

2014

	Mainland China		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	1,544,521		(143,723)		1,400,798	
Tax at the statutory tax rate	386,130	25.0	(23,714)	16.5	362,416	25.9
Profits and losses attributable to joint ventures	(795)	(0.1)	–	–	(795)	(0.1)
Income not subject to tax	–	–	(304)	0.2	(304)	–
Expenses not deductible for tax	14,846	1.0	24,018	(16.7)	38,864	2.8
Tax losses utilised from previous periods	(8,176)	(0.5)	–	–	(8,176)	(0.6)
Tax losses not recognised	74,125	4.8	–	–	74,125	5.3
Write-down of deferred tax assets previously recognised	27,559	1.8	–	–	27,559	2.0
Tax charge at the Groups' effective rate	493,689	32.0	–	–	493,689	35.3

The share of tax attributable to joint ventures amounting to HK$1,363,000 (2014: HK$1,070,000) is included in the "Share of profits of joint ventures" in the consolidated statement of profit or loss.

12. DISTRIBUTIONS

	Notes	2015 HK$'000	2014 HK$'000
Special dividends	(a)	**–**	6,321,247
Interim – HK16.85 cents (2014: Nil) per Share Stapled Unit		**336,913**	–
Proposed 2015 distributions attributable to group distributable income – HK14.85 cents (2014: HK11.45 cents) per Share Stapled Unit	(b)	**297,087**	228,996
		634,000	6,550,243

(a) On 13 June 2014, the Company declared a pre-IPO dividend to China Jinmao, which was conditional upon the completion of the Listing. In July 2014, the Company determined and paid the pre-IPO dividend of approximately HK$6,321,247,000 to China Jinmao. Investors becoming holders of Share Stapled Units after the Listing were not entitled to such dividend.

(b) The proposed 2015 distribution to holders of Share Stapled Units is based on the group distributable income for the year ended 31 December 2015 and the number of Share Stapled Units as at 31 December 2015. The proposed 2015 distribution was not recognised as a liability as at 31 December 2015, and is subject to the approval of the holders of Share Stapled Units at the forthcoming AGM.

The group distributable income for the year ended 31 December 2015 is HK$634,000,000 (period from the Listing Date to 31 December 2014: HK$228,996,000), which is adjusted from the profit or loss for the year ended 31 December 2015 after the adjustments permitted under the Trust Deed and the Company's Articles.

(i) Pursuant to clause 1.1 of the Trust Deed, "Adjustments" includes, but not limited to (i) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (ii) impairment of goodwill/recognition of negative goodwill; (iii) material non-cash gains/losses; (iv) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units; (v) depreciation and amortisation; (vi) tax charges as shown in the consolidated statement of profit or loss; and (vii) net finance income/costs as shown in the consolidated statement of profit or loss.

(ii) The Trust Deed and the articles of association of the Company state that, except with the prior approval of an ordinary resolution of registered holders of units and an ordinary resolution of the shareholders of the Company and subject to compliance with all applicable laws of the Cayman Islands and the articles of association of the Company, the Directors will declare and distribute 100% of the distributable income (as defined in the Trust Deed) in respect of each financial year thereafter. The Trust Deed requires the Trustee-Manager (on behalf of the Trust) to distribute the dividends, distributions and other amounts received by the Trustee-Manager in respect of the ordinary shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed.

13. EARNINGS PER SHARE STAPLED UNIT

The calculation of the basic earnings per Share Stapled Unit amount for the year is based on the profit for the year of HK$542,592,000 (2014: HK$907,109,000), and the weighted average number of Share Stapled Units of 2,000,000,000 in issue during the year (2014: on the assumption that 1,700,821,918 Share Stapled Units have been in issue throughout the period, representing 1,700,821,918 Share Stapled Units of the Company and the Trust upon completion of group reorganisation.).

The calculation of the diluted earnings per Share Stapled Unit/share of the Company amount is based on the profit for the year. The weighted average number of Share Stapled Units/ordinary shares of the Company used in the calculation is the number of Share Stapled Units/ordinary shares of the Company in issue during the year, as used in the basic earnings per Share Stapled Unit/share of the Company calculation, and the weighted average number of Share Stapled Units/ordinary shares of the Company assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential Share Stapled Units/ordinary shares of the Company into Share Stapled Units/ordinary shares of the Company.

The Groups had no potentially dilutive Share Stapled Units/ordinary shares of the Company in issue during the year (2014: Nil).

The calculation of basic earnings per Share Stapled Unit/share of the Company is based on:

	2015 HK$'000	2014 HK$'000
Earnings		
Profit for the year, used in the basic earnings per Share Stapled Unit/share of the Company calculation	**542,592**	907,109

	Number of Share Stapled Units/ ordinary shares of the Company	
	2015	2014
Share Stapled Units/ordinary shares of the Company		
Weighted average number of Share Stapled Units/ordinary shares of the Company in issue during the year, used in the basic earnings per Share Stapled Unit/share of the Company calculation	**2,000,000,000**	1,700,821,918

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties HK$'000	Leasehold improvements HK$'000	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2015							
At 31 December 2014 and at 1 January 2015:							
Cost	9,071,785	60,792	202,750	1,867,075	35,458	164,711	11,402,571
Accumulated depreciation and impairment	(1,189,601)	(60,792)	(43,366)	(877,873)	(20,591)	–	(2,192,223)
Net carrying amount	7,882,184	–	159,384	989,202	14,867	164,711	9,210,348
At 1 January 2015, net of accumulated depreciation and impairment	7,882,184	–	159,384	989,202	14,867	164,711	9,210,348
Additions	2,005	–	–	17,043	3,728	563,409	586,185
Disposals	(2,216)	–	(21,678)	(860)	(39)	–	(24,793)
Depreciation provided during the year	(194,096)	–	(5,756)	(123,499)	(3,397)	–	(326,748)
Transfer from investment properties	–	–	6,221	–	–	–	6,221
Transfers	689,979	–	–	14,298	–	(704,277)	–
Exchange realignment	(480,305)	–	(8,443)	(53,965)	(881)	(3,885)	(547,479)
At 31 December 2015, net of accumulated depreciation and impairment	7,897,551	–	129,728	842,219	14,278	19,958	8,903,734
At 31 December 2015:							
Cost	9,203,201	60,792	171,843	1,784,314	35,218	19,958	11,275,326
Accumulated depreciation and impairment	(1,305,650)	(60,792)	(42,115)	(942,095)	(20,940)	–	(2,371,592)
Net carrying amount	7,897,551	–	129,728	842,219	14,278	19,958	8,903,734

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel properties HK$'000	Leasehold improvements HK$'000	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2014							
At 1 January 2014:							
Cost	6,630,627	60,792	203,437	1,551,814	33,120	1,355,644	9,835,434
Accumulated depreciation and impairment	(1,045,056)	(60,792)	(42,923)	(807,337)	(21,210)	–	(1,977,318)
Net carrying amount	5,585,571	–	160,514	744,477	11,910	1,355,644	7,858,116
At 1 January 2014, net of accumulated depreciation and impairment	5,585,571	–	160,514	744,477	11,910	1,355,644	7,858,116
Additions	17,107	–	–	351,263	8,239	1,253,235	1,629,844
Disposals	(629)	–	–	(2,424)	(2,325)	–	(5,378)
Depreciation provided during the year	(148,145)	–	(584)	(99,230)	(2,928)	–	(250,887)
Transfers	2,438,395	–	–	(3,303)	–	(2,435,092)	–
Exchange realignment	(10,115)	–	(546)	(1,581)	(29)	(9,076)	(21,347)
At 31 December 2014, net of accumulated depreciation and impairment	7,882,184	–	159,384	989,202	14,867	164,711	9,210,348
At 31 December 2014:							
Cost	9,071,785	60,792	202,750	1,867,075	35,458	164,711	11,402,571
Accumulated depreciation and impairment	(1,189,601)	(60,792)	(43,366)	(877,873)	(20,591)	–	(2,192,223)
Net carrying amount	7,882,184	–	159,384	989,202	14,867	164,711	9,210,348

As at 31 December 2015, certain of the Groups' hotel properties with an aggregate net carrying amount of approximately HK$522,208,000 (2014: HK$564,402,000) were pledged to secure bank loans granted to the Groups (note 26).

15. INVESTMENT PROPERTIES

	2015 HK$'000	2014 HK$'000
Carrying amount at 1 January	**10,257,292**	8,934,716
Additions	**4,454**	7,779
Net gain from a fair value adjustment recognised in profit or loss	**390,828**	1,339,882
Transfer to owner-occupied properties	**(6,221)**	–
Exchange realignment	**(614,622)**	(25,085)
Carrying amount at 31 December	**10,031,731**	10,257,292

The Groups' investment properties consist of one commercial property in Mainland China. The Directors have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Groups' investment properties were revalued on 31 December 2015 and 31 December 2014 at approximately HK$10,031,731,000 and HK$10,257,292,000, respectively, by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers. Each year, the Groups' management decide to appoint which external valuer to be responsible for the external valuations of the Groups' properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Groups' management have discussions with the valuer on the valuation assumptions and valuation results every year when the valuation is performed for annual financial reporting.

These investment properties are leased to related parties and third parties under operating leases, further summary details of which are included in note 31(a) to the Trust and the Company's consolidated financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Groups' investment properties:

	Fair value measurement as at 31 December 2015 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**10,031,731**	**10,031,731**

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	10,257,292	10,257,292

15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

2015

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	HK$4,643
Commercial properties – Jin Mao Tower – Retail	Term and reversion method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	HK$11,944
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield	3.50%
		Reversionary yield	4.00%
		Market rent (per unit p.a.)	HK$14,557

2014

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties – Jin Mao Tower – Office	Term and reversion method and Market comparable method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	HK$4,713
		Price per sqm	HK$71,923
Commercial properties – Jin Mao Tower – Retail	Term and reversion method and Market comparable method	Term yield	4.50%
		Reversionary yield	5.00%
		Market rent (per sqm p.a.)	HK$8,031
		Price per sqm	HK$122,713
Commercial properties – Jin Mao Tower – Car parks	Term and reversion method	Term yield	3.50%
		Reversionary yield	4.00%
		Market rent (per unit p.a.)	HK$14,775

15. INVESTMENT PROPERTIES (Continued)

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square metre of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, e.g., crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis."

The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Company is the price per square metre. The market comparable approach is often used in combination with either discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent and the price per square metre would result in a significant increase (decrease) in the fair value of the investment properties.

16. PREPAID LAND LEASE PAYMENTS

	Notes	**2015** **HK$'000**	2014 HK$'000
Carrying amount at 1 January		**1,766,182**	1,820,797
Additions		**217**	6,435
Recognised during the year	7	**(55,043)**	(54,711)
Exchange realignment		**(100,877)**	(6,339)
Carrying amount at 31 December		**1,610,479**	1,766,182
Current portion included in prepayments, deposits and other receivables	21	**(52,265)**	(55,130)
Non-current portion		**1,558,214**	1,711,052

17. OTHER INTANGIBLE ASSETS

	Computer software HK$'000	Others HK$'000	Total HK$'000
31 December 2015			
At 1 January 2015:			
Cost	61,217	4,893	66,110
Accumulated amortisation	(42,574)	(1,946)	(44,520)
Net carrying amount	18,643	2,947	21,590
Cost at 1 January 2015, net of accumulated amortisation	18,643	2,947	21,590
Additions	4,011	–	4,011
Amortisation provided during the year	(4,880)	(197)	(5,077)
Exchange realignment	(1,053)	(164)	(1,217)
At 31 December 2015, net of accumulated amortisation	16,721	2,586	19,307
At 31 December 2015:			
Cost	61,492	4,607	66,099
Accumulated amortisation	(44,771)	(2,021)	(46,792)
Net carrying amount	16,721	2,586	19,307
31 December 2014			
At 1 January 2014:			
Cost	46,337	7,017	53,354
Accumulated amortisation	(39,013)	(2,163)	(41,176)
Net carrying amount	7,324	4,854	12,178
Cost at 1 January 2014, net of accumulated amortisation	7,324	4,854	12,178
Additions	15,445	–	15,445
Disposals	(217)	(1,643)	(1,860)
Amortisation provided during the year	(3,926)	(240)	(4,166)
Exchange realignment	17	(24)	(7)
At 31 December 2014, net of accumulated amortisation	18,643	2,947	21,590
At 31 December 2014:			
Cost	61,217	4,893	66,110
Accumulated amortisation	(42,574)	(1,946)	(44,520)
Net carrying amount	18,643	2,947	21,590

18. INVESTMENTS IN JOINT VENTURES

	2015 HK$'000	2014 HK$'000
Share of net assets	**46,365**	45,101

The amounts due to joint ventures are disclosed in note 22 to the Trust and the Company's consolidated financial statements.

Particulars of the Groups' joint ventures are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
上海金茂錦江汽車服務有限公司 Shanghai Jin Mao Jin Jiang Automobile Service Company Limited ("Jin Mao Jin Jiang") #	Registered capital of RMB1 each	PRC/Mainland China	50%	57%	50%	Lease of commercial vehicles
上海金茂汽車租賃有限公司 Shanghai Jin Mao Auto Hire Company Limited ("Jin Mao Auto Hire") #	Registered capital of RMB1 each	PRC/Mainland China	45%	57%	45%	Lease of commercial vehicles

\# The names of these companies referred to in the Trust and the Company's consolidated financial statements represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

Jin Mao Jin Jiang and Jin Mao Auto Hire (collectively, the "Auto Hire Group"), which are indirectly held by the Trust and the Company and are considered as material joint ventures of the Groups, act as the Groups' taxi and car chauffer service providers in Mainland China and are accounted for using the equity method.

18. INVESTMENTS IN JOINT VENTURES (Continued)

The following tables illustrate the summarised financial information in respect of the Auto Hire Group adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2015 HK$'000	2014 HK$'000
Cash and cash equivalents	**12,174**	10,302
Other current assets	**28,951**	24,786
Current assets	**41,125**	35,088
Non-current assets	**84,268**	86,615
Financial liabilities, excluding trade and other payables	**(20,944)**	(17,968)
Other current liabilities	**(11,719)**	(13,533)
Current liabilities	**(32,663)**	(31,501)
Net assets	**92,730**	90,202

Reconciliation to the Groups' interests in the joint ventures:

	2015 HK$'000	2014 HK$'000
Proportion of the Groups' ownership	**50%**	50%
The Groups' share of net assets of the joint ventures and carrying amount of the investments	**46,365**	45,101
Revenue	**70,970**	60,646
Interest income	**27**	21
Depreciation and amortisation	**(16,479)**	(14,251)
Interest expenses	**(1,153)**	(922)
Tax	**(2,727)**	(2,140)
Profit and total comprehensive income for the year	**8,123**	6,358

19. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	**4,494**	5,530
Hotel merchandise	**16,770**	20,018
Trading stock	**2,261**	1,909
	23,525	27,457

20. TRADE RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade and bills receivables	**85,137**	52,577
Impairment	**(418)**	(362)
	84,719	52,215

The Groups' trading terms with certain of the Groups' customers in relation to the provision of hotel and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months, extending up to six months for major customers. Each customer has a maximum credit limit.

The Groups seek to maintain strict control over their outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Groups' trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Groups do not hold any collateral or other credit enhancements over their trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2015 HK$'000	2014 HK$'000
Within 1 month	**78,234**	44,072
1 to 3 months	**5,427**	6,532
4 to 6 months	**622**	1,073
Over 6 months	**436**	538
	84,719	52,215

The movements in provision for impairment of trade receivables are as follows:

	Note	2015 HK$'000	2014 HK $'000
At 1 January		**362**	1,993
Impairment losses recognised/(reversed)	7	**81**	(92)
Amount written off as uncollectible		**–**	(1,536)
Exchange realignment		**(25)**	(3)
At 31 December		**418**	362

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$418,000 (2014: HK$362,000) with a carrying amount before provision of HK$418,000 (2014: HK$362,000).

20. TRADE RECEIVABLES (Continued)

The individually impaired trade receivables related to customers that were in financial difficulties or were in default.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**78,234**	44,072
Less than 1 month past due	**5,491**	6,234
1 to 3 months past due	**115**	1,128
Over 3 months past due	**879**	781
	84,719	52,215

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Groups. Based on past experience, the Directors are of the opinion that no provision for impairment 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.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2015 HK$'000	2014 HK$'000
Prepayments		**39,473**	42,956
Deposits		**38,462**	42,716
Other receivables		**137,712**	14,616
Prepaid land lease payments	16	**52,265**	55,130
		267,912	155,418
Portion classified as non-current assets			
– prepayments		**–**	(2,957)
		267,912	152,461

None of the above assets is impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

22. BALANCES WITH RELATED PARTIES

An analysis of the balances with related parties is as follows:

	2015 HK$'000	2014 HK$'000
Due from related parties:		
Fellow subsidiaries	**8,458**	1,788
Due to related parties:		
Immediate holding company	**438,681**	260,026
Fellow subsidiaries	**1,286,173**	1,518,542
Joint ventures	**8,589**	5,822
Joint ventures of China Jinmao	**1**	1
	1,733,444	1,784,391

The amounts due from related parties were unsecured, interest-free and are repayable on demand.

23. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	2015 HK$'000	2014 HK$'000
Cash and bank balances	**632,593**	909,076
Time deposits	**170,381**	219,907
	802,974	1,128,983
Less: Restricted bank balances	**(28,832)**	(23,421)
Cash and cash equivalents	**774,142**	1,105,562

As at 31 December 2015, the cash and bank balances and time deposits of the Groups denominated in RMB amounted to HK$761,184,000 (2014: HK$661,188,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Groups are permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Groups, and earn interest at the respective short term time deposit rates. The bank balances and restricted bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2015, included in the Groups' cash and cash equivalents were deposits of HK$216,000 (2014: HK$767,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance", a fellow subsidiary of the Groups), a financial institution approved by the People's Bank of China. During the year, the interest rates on these deposits were determined at a rate of 0.35% (2014: 0.4%) per annum. Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 33(a) to the Trust and the Company's consolidated financial statements.

24. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 1 year or on demand	145,443	114,871
1 to 2 years	1,505	10,617
Over 2 years	262	280
	147,210	125,768

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

25. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK $'000
Other payables	1,047,475	1,113,759
Receipts in advance	111,474	133,310
Accruals	79,819	79,646
	1,238,768	1,326,715

Other payables and accruals are non-interest-bearing with an average term of not more than one year.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans, unsecured	1.59-6.00	2016	2,261,966	2.91-6.00	2015	2,151,273
Current portion of long-term bank loans, secured	4.635	2016	41,776	5.76-5.90	2015	31,690
			2,303,742			2,182,963
Non-current						
Bank loans, secured	4.635	2017-2023	853,424	5.76-5.90	2016-2023	950,700
Bank loans, unsecured	HIBOR+2.1 - LIBOR+2.1	2017	3,946,926	HIBOR+2.1 - LIBOR+2.1	2017	3,920,869
Notes, unsecured	5.60	2017	1,193,600	5.60	2017	1,267,600
			5,993,950			6,139,169
			8,297,692			8,322,132

	2015 HK$'000	2014 HK$'000
Analysed into bank loans repayable:		
Within one year	2,303,742	2,182,963
In the second year	3,988,702	44,366
In the third to fifth years, inclusive	173,072	4,079,320
Beyond five years	638,576	747,883
	7,104,092	7,054,532
Analysed into other borrowings repayable:		
Within one year	–	–
In the second year	1,193,600	–
In the third to fifth years, inclusive	–	1,267,600
	1,193,600	1,267,600
	8,297,692	8,322,132

Notes:

(a) The Groups' loan facilities amounted to HK$11,028,248,000 (2014: HK$11,334,280,000), of which HK$8,297,692,000 (2014: HK$8,322,131,000) had been utilised as at the end of the reporting period.

(b) Certain of the Groups' bank loans are secured by mortgages over certain of the Groups' hotel properties with an aggregate net carrying amount of approximately HK$522,208,000 (2014: HK$564,402,000) as at the end of the reporting period (note 14).

(c) Except for the bank and other borrowings amounting to approximately HK$2,228,763,000 (2014: HK$2,262,920,000) and HK$2,309,090,000 (2014: HK$2,015,568,000) which are denominated in United States dollars ("US$") and HK$, respectively, all bank and other borrowings are denominated in RMB.

27. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Others HK$'000	Total HK$'000
Gross deferred tax liabilities at 1 January 2014	1,312,469	271,084	3,514	1,587,067
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	334,970	20,930	(2,842)	353,058
Exchange realignment	(3,164)	(836)	–	(4,000)
Gross deferred tax liabilities at 31 December 2014 and 1 January 2015	1,644,275	291,178	672	1,936,125
Deferred tax charged to the statement of profit or loss during the year (note 11)	97,707	20,784	6,068	124,559
Exchange realignment	(99,963)	(17,845)	29	(117,779)
Gross deferred tax liabilities at 31 December 2015	1,642,019	294,117	6,769	1,942,905

Deferred tax assets

	Losses available for offsetting against future taxable profits HK$'000	Accruals HK$'000	Total HK$'000
Gross deferred tax assets at 1 January 2014	39,724	26,366	66,090
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11)	(27,559)	3,273	(24,286)
Exchange realignment	(238)	(78)	(316)
Gross deferred tax assets at 31 December 2014 and 1 January 2015	11,927	29,561	41,488
Deferred tax charged to the statement of profit or loss during the year (note 11)	(11,707)	(11,092)	(22,799)
Exchange realignment	(220)	(1,274)	(1,494)
Gross deferred tax assets at 31 December 2015	–	17,195	17,195

27. DEFERRED TAX (Continued)

Deferred tax assets (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Groups for financial reporting purposes:

	2015 HK$'000	2014 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**5,574**	29,118
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,931,284)**	(1,923,755)
	(1,925,710)	(1,894,637)

As at 31 December 2015, the Groups have tax losses arising in Mainland China of HK$617,945,000 (2014: HK$525,158,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Groups, the applicable rate is 5% or 10%. The Groups are therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Groups' subsidiaries established in Mainland China (2014: Nil). In the opinion of the Directors, the unremitted earnings of the Groups' PRC subsidiaries are expected to be used to fund their operations and capital expenditures and therefore it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$974,027,000 at 31 December 2015 (2014: HK$808,457,000).

There are no income tax consequences attaching to the payment of distributions/dividends by the Trust and the Company to the holders of Share Stapled Units/shareholders.

28. SHARE CAPITAL

Shares

	2015 HK$'000	2014 HK$'000
Authorised:		
5,000,000,000 (2014: 5,000,000,000) ordinary shares of HK$0.0005 (2014: HK$0.0005) each	**2,500**	2,500
5,000,000,000 (2014: 5,000,000,000) preference shares of HK$0.0005 (2014: HK$0.0005) each	**2,500**	2,500
	5,000	5,000
Issued and fully paid:		
2,000,000,000 (2014: 2,000,000,000) ordinary shares of HK$0.0005 (2014: HK$0.0005) each	**1,000**	1,000
2,000,000,000 (2014: 2,000,000,000) preference shares of HK$0.0005 (2014: HK$0.0005) each	**1,000**	1,000
	2,000	2,000

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Nominal value HK$'000
Issued and fully paid:			
Ordinary shares			
At 1 January 2014		1,000,000	7,800
Ordinary shares repurchased and cancelled	(a)	(1,000,000)	(7,800)
Issue of ordinary shares in connection with the Reorganisation	(b)	1,400,000,000	700
Issue of ordinary shares in connection with the listing of Share Stapled Units	(c)	600,000,000	300
At 31 December 2014, 1 January 2015 and 31 December 2015		2,000,000,000	1,000
Preference shares			
At 1 January 2014		–	–
Issue of preference shares in connection with the Reorganisation	(b)	1,400,000,000	700
Issue of preference shares in connection with the listing of Share Stapled Units	(c)	600,000,000	300
At 31 December 2014, 1 January 2015 and 31 December 2015		2,000,000,000	1,000
At 31 December 2015		4,000,000,000	2,000

28. SHARE CAPITAL (Continued)

Shares (Continued)

Notes:

(a) On 13 June 2014, the Company repurchased in aggregate 1,000,000 ordinary shares of the Company of US$1.00 each, being all of the issued shares of the Company at that date, at an aggregate repurchase price of HK$7,800,000 (the "Repurchase Price") and cancelled all repurchased shares on the same date (the "Repurchase and Cancellation"). Immediately following the Repurchase and Cancellation, the authorised share capital of the Company was changed to HK$5,000,000 by the creation of 5,000,000,000 ordinary shares and 5,000,000,000 preference shares of HK$0.0005 each.

(b) On 13 June 2014, 1,400,000,000 ordinary shares and 1,400,000,000 preference shares were allotted and issued nil paid at a price of HK$0.002786 each, being an aggregate subscription price of HK$7,800,000 (the "Subscription Price"). The Subscription Price was set-off against the Repurchase Price and the 2,800,000,000 nil paid shares were credited as fully paid.

(c) In connection with the Listing, 600,000,000 Share Stapled Units were issued at a price of HK$5.35 each for a total cash consideration, before expenses, of approximately HK$3,210,000,000.

29. RESERVES

The amounts of the Groups' reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 119 of the Trust and the Company's consolidated financial statements.

(i) Merger reserve

The merger reserve of the Groups represents the capital contributions from the equity holders of the subsidiaries now comprising the Groups before the completion of the Reorganisation as detailed in note 1 to the Trust and the Company's consolidated financial statements.

(ii) Capital reserve

The capital reserve represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary and waive of a payable by a shareholder.

(iii) PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Groups' subsidiaries established in Mainland China and were approved by the boards of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of the registered capital.

(iv) Assets revaluation reserve

The assets revaluation reserve arose from changes in use from owner-occupied properties to investment properties carried at fair value.

30. CONTINGENT LIABILITIES

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

31. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Groups lease their investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to six years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at the end of the reporting period, the Groups had total future minimum lease receivables under non-cancellable operating leases with their tenants falling due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	507,083	517,725
In the second to fifth years, inclusive	623,958	532,656
After five years	38,129	30,633
	1,169,170	1,081,014

(b) As lessee

The Groups lease certain of their office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

As 31 December 2015, the Groups had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	3,900	4,533
In the second to fifth years, inclusive	2,410	143
	6,310	4,676

32. COMMITMENTS

In addition to the operating lease commitments detailed in note 31(b) above, the Groups had the following capital commitments as at the end of the reporting period:

	2015 HK$'000	2014 HK$'000
Contracted, but not provided for:		
Property, plant and equipment	**160,375**	206,361

33. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these Trust and the Company's consolidated financial statements, the Groups had the following material transactions with related parties during the year:

		Groups	
	Notes	2015 HK$'000	2014 HK$'000
Transactions with fellow subsidiaries:			
Decoration services received	(i)	**72,490**	195,294
Provision of property management services	(i)	**13,330**	29,058
Rental income	(i)	**118,762**	118,064
Interest income	(ii)	**8**	8,481
Interest expense	(iii)	**9,682**	18,316
Commercial property management services received	(iv)	**2,267**	1,156
Transactions with the immediate holding company:			
Provision of hotel property management services	(v)	**3,427**	1,633
Project consulting services received	(vi)	**–**	31,490

33. RELATED PARTY TRANSACTIONS (Continued)

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest income was determined at a rate of 0.35% (2014: rates ranging from 0.4% to 6.0%) per annum.

(iii) The interest expense was charged at rates ranging from 4.14% to 5.04% (2014: 5.0% to 6.4%) per annum.

(iv) Effective from the Listing Date, commercial property management expenses were payable at a fixed percentage of 3% of the annual rental income from the commercial portions of the Groups' properties (i.e. HK$75,570,000) pursuant to the commercial property management agreement dated 13 June 2014 entered into between Franshion Properties Investment Management (Shanghai) Company Limited, a wholly-owned subsidiary of China Jinmao, and China Jin Mao (Group) Company Limited.

(v) Effective from the Listing Date, pursuant to the hotel property management agreement dated 13 June 2014 entered into between the Company and China Jinmao, the Groups would be entitled to receive the following annual fees for providing certain hotel property management services to China Jinmao: (i) a basic management fee of 0.5% of the total development costs of the relevant hotels of China Jinmao (i.e. HK$625,320,000) (the "Relevant Hotels"); and (ii) an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of the Relevant Hotels (i.e. HK$7,506,000) upon the formal opening of the Relevant Hotels.

(vi) On 13 June 2014, the Company entered into a project consulting agreement with China Jinmao pursuant to which China Jinmao agreed to provide certain project consulting services in respect of the hotels under construction (the "Hotels Under Construction") from the Listing Date to the date of completion of the construction of the Hotels Under Construction for a one-time fee of RMB25,000,000 (equivalent to approximately HK$31,490,000). The construction of the Hotels Under Construction was completed before 31 December 2014.

(b) Outstanding balances with related parties

Other than the balances with related parties as disclosed in notes 18, 22 and 23 to the Trust and the Company's consolidated financial statements, the Groups had no outstanding balances with related parties as at the end of the year.

33. RELATED PARTY TRANSACTIONS (Continued)

(c) Compensation of key management personnel of the Groups

	2015 HK$'000	2014 HK$'000
Short term employee benefits	**12,991**	9,249
Post-employment benefits	**2,048**	1,880
Total compensation paid to key management personnel	**15,039**	11,129

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

(d) Transactions and balances with other state-owned entities

The Groups are indirectly controlled by the PRC government and operate in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Groups had some transactions with other SOEs including, but not limited to, borrowings, deposits and the provision of property lease and management services. The Directors consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Groups have not been significantly or unduly affected by the fact that the Groups and the other SOEs are ultimately controlled or owned by the PRC government. The Groups have also established pricing policies for the Groups' products and services and such pricing policies do not depend on whether or not the customers are SOEs.

The related party transactions in respect of items (i), (iv), (v) and (vi) of note 33(a) also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

34. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2015 and 2014, all the financial assets and liabilities of the Groups were loans and receivables and financial liabilities at amortised cost, respectively.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Groups' financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Interest-bearing bank and other borrowings	**8,297,692**	8,322,132	**8,364,967**	8,359,903

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Groups' finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings except for notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of notes is based on quoted market prices. The Groups' own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2015 was assessed to be insignificant.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Groups' financial instruments:

Assets measured at fair value:

The Groups did not have any financial assets measured at fair value as at 31 December 2015 (2014: Nil).

Liabilities measured at fair value:

The Groups did not have any financial liabilities measured at fair value as at 31 December 2015 (2014: Nil).

Assets for which fair value is disclosed:

The Groups did not have any financial assets that were not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed as at 31 December 2015 (2014: Nil).

Liabilities for which fair value are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	1,260,875	7,104,092	–	8,364,967

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	1,305,371	7,054,532	–	8,359,903

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Groups' principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Groups' operations. The Groups have various other financial assets and liabilities such as trade receivables and payables, which arise directly from the Groups' operations.

It is, and has been throughout the year under review, the Groups' policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Groups' financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Groups' exposure to the risk of changes in market interest rates relates primarily to the Groups' long term debt obligations with floating interest rates.

The Groups' policy is to manage the Groups' interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Groups' profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
31 December 2015		
RMB	**25**	**(5,519)**
US$	**25**	**(5,351)**
HK$	**25**	**(5,652)**
RMB	**(25)**	**5,519**
US$	**(25)**	**5,351**
HK$	**(25)**	**5,652**
31 December 2014		
RMB	27	(6,879)
US$	27	(6,056)
HK$	27	(5,497)
RMB	(27)	6,879
US$	(27)	6,056
HK$	(27)	5,497

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and had applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

Foreign currency risk

All of the Groups' turnover and substantially all of the Groups' operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Groups' PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Groups.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from the appropriate PRC governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Groups' PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends, without the prior approval of the State Administration of Foreign Exchange. The Groups' PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Groups' subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Groups' financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits and interest-bearing bank and other borrowings denominated in US$. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Groups' results of operations.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

There are limited hedging instruments available in Mainland China to reduce the Groups' exposure to exchange rate fluctuations between RMB and other currencies. To date, the Groups have not entered into any hedging transactions in an effort to reduce the Groups' exposure to foreign currency exchange risk. While the Groups may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Groups may not be able to hedge the Groups' exposure successfully, or at all.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US$ on the Groups' profit before tax for the years ended 31 December 2015 and 2014.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax HK$'000
31 December 2015		
Increase in US$ rate	**5**	**(15,665)**
Decrease in US$ rate	**(5)**	**15,665**
31 December 2014		
Increase in US$ rate	5	(112,442)
Decrease in US$ rate	(5)	112,442

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Groups are exposed to credit risk from the Groups' leasing activities, the provision of hotel and property management services and the Groups' financing activities, including deposits with banks and financial institutions. Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk as at the end of the reporting period is the carrying value of each class of financial asset.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Groups' objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing loans. In the opinion of the Directors, the Groups are expected to have adequate source of funding to finance and manage the Groups' liquidity position.

The maturity profile of the Groups' financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within one year or on demand HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	More than five years HK$'000	Total HK$'000
31 December 2015					
Interest-bearing bank and other borrowings	**2,535,487**	**5,301,993**	**274,452**	**693,208**	**8,805,140**
Trade payables	**147,210**	**–**	**–**	**–**	**147,210**
Other payables	**1,047,475**	**–**	**–**	**–**	**1,047,475**
Due to related parties	**1,733,444**	**–**	**–**	**–**	**1,733,444**
	5,463,616	**5,301,993**	**274,452**	**693,208**	**11,733,269**
31 December 2014					
Interest-bearing bank and other borrowings	2,435,668	267,205	5,577,227	863,708	9,143,808
Trade payables	125,768	–	–	–	125,768
Other payables	1,193,405	–	–	–	1,193,405
Due to related parties	1,784,391	–	–	–	1,784,391
	5,539,232	267,205	5,577,227	863,708	12,247,372

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Groups' capital management are to safeguard the Groups' ability to continue as a going concern, so that the Groups can continue to provide returns for shareholders/holders of Share Stapled Units and benefits for other stakeholders, and to provide an adequate return to shareholders/holders of Share Stapled Units by pricing products and services commensurately with the level of risk.

The Groups manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Groups may adjust the dividend/distribution payment to shareholders/holders of Share Stapled Units, issue new Share Stapled Units or sell assets to reduce debt. The Groups are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

The Groups monitor capital on the basis of the debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the consolidated statement of financial position) less cash and cash equivalents and restricted bank balances. Adjusted capital comprises all components of equity and amounts due to related parties. The Groups aim to maintain the debt-to-adjusted-capital ratio at a reasonable level. The debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Notes	**2015** **HK$'000**	2014 HK$'000
Interest-bearing bank and other borrowings	26	**8,297,692**	8,322,132
Less: Cash and cash equivalents	23	**(774,142)**	(1,105,562)
Restricted bank balances	23	**(28,832)**	(23,421)
Net debt		**7,494,718**	7,193,149
Total equity		**8,328,268**	9,106,769
Add: Amounts due to related parties	22	**1,733,444**	1,784,391
Adjusted capital		**10,061,712**	10,891,160
Debt-to-adjusted-capital ratio		**74.5%**	66.0%

37. COMPARATIVE AMOUNTS

As further explained in note 2.4 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000 (Restated)
NON-CURRENT ASSETS		
Investments in subsidiaries	**10,080,023**	10,080,023
CURRENT ASSETS		
Prepayments	**–**	224
Due from a subsidiary	**593,496**	593,494
Restricted bank balances	**24,569**	23,417
Cash and cash equivalents	**5,561**	241,364
Total current assets	**623,626**	858,499
CURRENT LIABILITIES		
Other payables	**11,978**	28,892
Due to subsidiaries	**549**	204
Due to a related party	**438,681**	260,367
Interest-bearing bank borrowings	**280,000**	–
Total current liabilities	**731,208**	289,463
NET CURRENT (LIABILITIES)/ASSETS	**(107,582)**	569,036
TOTAL ASSETS LESS CURRENT LIABILITIES	**9,972,441**	10,649,059
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**3,946,926**	3,920,869
Net assets	**6,025,515**	6,728,190
EQUITY		
Share capital	**2,000**	2,000
Reserves (note)	**6,023,515**	6,726,190
Total equity	**6,025,515**	6,728,190

Li Congrui
Director

Zhang Hui
Director

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2014	10,072,223	(20)	10,072,203
Loss for the year	–	(143,910)	(143,910)
Issue of Share Stapled Units in connection with the Reorganisation	6,400	–	6,400
Issue of Share Stapled Units in connection with the listing of Share Stapled Units	3,209,400	–	3,209,400
Share issue expenses	(96,656)	–	(96,656)
Special dividends declared	(6,321,247)	–	(6,321,247)
At 31 December 2014 and 1 January 2015	6,870,120	(143,930)	6,726,190
Loss for the year	–	(136,766)	(136,766)
Final 2014 distributions declared	(228,996)	–	(228,996)
2015 interim distributions	(336,913)	–	(336,913)
At 31 December 2015	6,304,211	(280,696)	6,023,515

39. APPROVAL OF THE TRUST AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

The Trust and the Company's consolidated financial statements were approved and authorised for issue by the Directors on 21 March 2016.

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

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To the sole member of
Jinmao (China) Investments Manager Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Jinmao (China) Investments Manager Limited (the "Company") set out on pages 193 to 203, which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of the 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 financial statements are free from material misstatement.

Auditors' responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of 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 financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its 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 Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
21 March 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

	Year ended 31 December 2015 HK$	Period from 20 March 2014 (date of incorporation) to 31 December 2014 HK$
Administrative expenses	(48,255)	(74,550)
Less: Amount borne by the immediate holding company	–	74,550
Less: Amount borne by a fellow subsidiary	48,255	–
PROFIT OR LOSS BEFORE TAX	–	–
Income tax expense	–	–
PROFIT OR LOSS FOR THE PERIOD/YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	–	–

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	As at 31 December 2015 HK$	As at 31 December 2014 HK$
CURRENT ASSET		
Due from the immediate holding company	1	1
Net asset	1	1
EQUITY		
Share capital	1	1
Total equity	1	1

Li Congrui
Director

Zhang Hui
Director

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Share capital HK$	Total equity HK$
At 20 March 2014 (date of incorporation)	–	–
Issue of share	1	1
At 31 December 2014, 1 January 2015 and 31 December 2015	1	1

STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Year ended 31 December 2015 HK$	Period from 20 March 2014 (date of incorporation) to 31 December 2014 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in an amount due from the immediate holding company	–	(1)
Trust distributable income received in a capacity as trustee-manager	949,800,000	–
Trust distributable income paid in a capacity as trustee-manager	(949,800,000)	–
Net cash flows used in operating activities	–	(1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share	–	1
Net cash flows from financing activities	–	1
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	–	–
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	–	–

1. CORPORATE INFORMATION

Jinmao (China) Investments Manager Limited (the "Company") is a limited liability company incorporated in Hong Kong on 20 March 2014. The registered office of the Company is located at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

In the opinion of the directors of the Company (the "Directors"), China Jinmao Holdings Group Limited ("China Jinmao") (formerly known as "Franshion Properties (China) Limited"), a company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), is the immediate holding company of the Company, and the ultimate holding company of the Company is Sinochem Group, a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

The principal activity of the Company is administering Jinmao Investments (the "Trust"), in its capacity as trustee-manager of the Trust.

2.1 BASIS OF PREPARATION

The Company's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The Company's financial statements have been prepared under the historical cost convention. The Company's financial statements are presented in Hong Kong dollars ("HK$") except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following revised standards for the first time for the current year's financial statements.

Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) The Annual Improvements to *HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year and applicable to the Company are as follows:

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of the gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Company.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Company as the Company does not receive any management services from other entities.

(b) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year and applicable to the Company as follows:

- HKFRS 13 Fair *Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment has had no impact on the Company as the Company does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment has had no impact on the Company as there was no acquisition of investment properties during the year.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Company's financial statements:

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Company
4 No mandatory effective date determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Further information about those HKFRSs that are expected to be applicable to the Company is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Company expects to adopt HKFRS 9 from 1 January 2018. The Company is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Company upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Company expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Company expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Company's financial statements.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Company upon adoption on 1 January 2016 as the Company has not used a revenue-based method for the calculation of depreciation of the Company's non-current assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Company are members of the same group;
- (ii) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (iii) the entity is controlled or jointly controlled by a person identified in (a);
- (iv) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (v) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets

The Company's financial asset includes an amount due from the immediate holding company and is classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment of impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Company will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

4. SHARE CAPITAL

At the time of incorporation, 1 ordinary share of the Company was issued.

5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year.

6. RELATED PARTY TRANSACTIONS

Transactions with the immediate holding company and a fellow subsidiary are disclosed in the statement of profit or loss and other comprehensive income.

In the opinion of the directors, the directors represented the key management personnel of the Company. During the year, no compensation was paid to the key management personnel.

7. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENT

As at 31 December 2015 and 2014, the carrying amount of the Company's financial instrument approximated to its fair value.

8. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on 21 March 2016.

FIVE-YEAR FINANCIAL INFORMATION

31 December 2015

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
RESULTS					
Revenue	2,685,795	2,649,067	2,634,161	2,761,146	**2,973,963**
Cost of sales	(1,108,186)	(1,072,827)	(1,106,969)	(1,207,786)	**(1,307,139)**
Gross profit	1,577,609	1,576,240	1,527,192	1,553,360	**1,666,824**
Other income and gains	159,478	83,866	80,838	42,423	**157,494**
Fair value gains on investment properties	156,986	460,539	843,116	1,339,882	**390,828**
Selling and marketing expenses	(160,203)	(159,416)	(158,793)	(266,812)	**(174,559)**
Administrative expenses	(599,532)	(617,482)	(590,998)	(896,941)	**(803,528)**
Other expenses and losses, net	(126,304)	(15,425)	(2,213)	92	**(2,995)**
Finance costs	(501,775)	(536,241)	(333,823)	(374,385)	**(420,131)**
Share of profits of joint ventures	3,619	2,463	2,293	3,179	**4,062**
PROFIT BEFORE TAX	509,878	794,544	1,367,612	1,400,798	**817,995**
Income tax expense	(159,224)	(156,037)	(354,218)	(493,689)	**(275,403)**
PROFIT FOR THE YEAR	350,654	638,507	1,013,394	907,109	**542,592**
Attributable to:					
Owners of the parent	309,606	638,507	1,013,394	907,109	**542,592**
Non-controlling interests	41,048	–	–	–	**–**
	350,654	638,507	1,013,394	907,109	**542,592**

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Total non-current assets	15,967,088	16,509,780	18,719,481	21,277,458	**20,564,925**
Total current assets	6,699,545	5,956,134	1,791,113	1,362,904	**1,187,588**
Total assets	22,666,633	22,465,914	20,510,594	22,640,362	**21,752,513**
Total current liabilities	10,302,591	9,782,171	4,903,730	5,470,669	**5,499,011**
Total non-current liabilities	3,311,585	2,488,949	3,676,207	8,062,924	**7,925,234**
Total liabilities	13,614,176	12,271,120	8,579,937	13,533,593	**13,424,245**
Equity attributable to:					
Owners of the parent	9,052,457	10,194,794	11,930,657	9,106,769	**8,328,268**
Total equity	9,052,457	10,194,794	11,930,657	9,106,769	**8,328,268**

DEFINITIONS

"AGM"	the annual general meeting of the Trust and the Company to be held on a combined basis as a meeting
"Board(s)"	the Trustee-Manager Board and/or the Company Board
"China Jinmao"	China Jinmao Holdings Group Limited（中國金茂控股集團有限公司）, (formerly known as Franshion Properties (China) Limited 方興地產（中國）有限公司) a company incorporated in Hong Kong with limited liability on 2 June 2004, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00817) and a controlling Holder of Share Stapled Units and a connected person of Jinmao Investments and the Company
"China Jinmao Group"	China Jinmao and its subsidiaries (excluding the Trust Group), being connected persons of Jinmao Investments and the Company
"China Jin Mao (Group)"	China Jin Mao (Group) Company Limited (中國金茂（集團）有限公司), a company incorporated in the PRC with limited liability on 10 February 1993 and a wholly-owned subsidiary of the Company
"Company"	Jinmao (China) Investments Holdings Limited (金茂（中國）投資控股有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability on 18 January 2008 and registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands
"Company Audit Committee"	the audit committee of the Company
"Company Board"	the board of directors of the Company
"Company's Articles"	the amended and restated articles of association of the Company adopted on 13 June 2014, as amended from time to time
"Director(s)"	a director of the Trustee-Manager and/or a director of the Company
"Distribution Guarantee"	the guarantee provided by China Jinmao to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) in respect of the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014
"Distribution Guarantee and Shortfall Payments Deed"	the deed dated 13 June 2014 entered into between China Jinmao and the Trustee-Manager in relation to the Distribution Guarantee and the shortfall payments, as further described in "Distributions – Shortfall Payments" in the Prospectus

"EBITDA"	profit before tax, after deducting fair value gains on investment properties, bank interest income and other investment income, adding back depreciation, amortisation of intangible assets, recognition of prepaid lease payments less amount capitalised, finance costs, write-down of inventories to net realisable value and impairment of items of property, plant and equipment, and adjustment for impairment/(reversal of impairment) of trade receivables and gain or loss on disposal of items of property, plant and equipment. As a non-HKFRS accounting measure, EBITDA is included because the Group's management believes such information will be helpful for investors in assessing our operating performance
"Excluded Hotels"	includes The Westin Nanjing, Nanjing International Center Phase II Hotel and Meixi Lake International Plaza Hotel, in which the China Jinmao Group continues to hold interests following completion of the Listing but subject to the Hotel Arrangements
"FY"	financial year ended or ending 31 December
"GFA"	gross floor area
"Group", "we" or "our"	the Company and its subsidiaries
"Group Distributable Income"	the audited consolidated profit attributable to the Holders of Share Stapled Units in respect of the relevant financial year or the relevant distribution period after giving effect to certain adjustments as described in the Prospectus and the Trust Deed
"Hotel Arrangements"	the arrangements relating to the existing and future interests of the China Jinmao Group in hotel assets as set out in "Report of The Directors" in this report
"Hotel Arrangements Deed"	the deed dated 13 June 2014 entered into between the Company and China Jinmao relating to the Hotel Arrangements
"Holder(s) of Share Stapled Units"	person(s) registered in the Share Stapled Units register as holder(s) of Share Stapled Units and, where the registered holder of Share Stapled Units is HKSCC Nominees Limited, shall also include, where the context so admits, the CCASS participants whose securities accounts with the Central Clearing and Settlement System are deposited with the Share Stapled Units

"Jinmao Investments" or "Trust"	Jinmao Investments (金茂投資), a trust constituted by the Trust Deed under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for or in connection with investing in the Company
"Jinmao (Shanghai)"	Jinmao Investment Management (Shanghai) Limited (金茂投資管理(上海)有限公司), a company incorporated in the PRC with limited liability on 15 November 2007 and a wholly-owned subsidiary of China Jinmao
"Listing"	the listing of the Share Stapled Units on the Main Board of the Stock Exchange
"Listing Date"	the date on which the Share Stapled Units were first listed and from which dealings in the Share Stapled Units were permitted to take place on the Main Board of the Stock Exchange, being 2 July 2014
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Loan Facility"	the term loan facility agreement dated 13 June 2014 entered into between the Company and a group of financial institutions
"Lujiazui Central Financial District"	an urban centre of the Pudong New District of Shanghai, the PRC, which covers an area of approximately 1.7 sq.km.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Newly Opened Hotels"	the three hotels newly opened in 2014 which form part of the property portfolio of the Group, comprising (a) Hyatt Regency Chongming, (b) Renaissance Beijing Wangfujing Hotel and (c) Grand Hyatt Lijiang
"Properties"	the property portfolio of the Group, comprising Jin Mao Tower and eight hotels of the Group as at the date of this report
"Prospectus"	the prospectus jointly issued by Jinmao Investments and the Company dated 19 June 2014
"Review Period"	from 1 January 2015 to 31 December 2015

"RevPAR"	revenue per available room, calculated as the total room revenue divided by the total number of room nights available for sale during the relevant period, which may not directly reflect the total number of rooms in inventory due to renovations or other considerations
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Property Management"	Jin Mao (Shanghai) Property Management Co., Ltd. (金茂（上海）物業服務有限公司), a company incorporated in the PRC with limited liability on 18 September 1995 and an indirect wholly-owned subsidiary of the Company
"Share Stapled Units"	the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others: (a) a Unit; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Investments); and (c) a specifically identified preference share of the Company stapled to the Unit
"Shareholders"	the persons registered at the relevant time in the principal register of members of the Company maintained in Cayman Islands or the branch register of members of the Company established and maintained in Hong Kong as the holders of an ordinary share of the Company and/or a preference share of the Company
"Sinochem Conglomerate"	Sinochem Group and its subsidiaries (excluding the Trust Group and the China Jinmao Group), being connected persons of Jinmao Investments and the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

DEFINITIONS

"Trust Deed"	the trust deed dated 13 June 2014 constituting Jinmao Investments and entered into between the Trustee-Manager and the Company
"Trust Distributable Income"	the Trustee-Manager's distributing 100% of the dividends, distributions and other amounts received by it from the Company in respect of the ordinary shares of the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of Jinmao Investments), as required under the Trust Deed
"Trust Group"	Jinmao Investments and the Group
"Trust Property"	all property and rights of any kind whatsoever which are held on trust for Holders of Share Stapled Units, in accordance with the terms of the Trust Deed
"Trustee-Manager"	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理人有限公司), a company incorporated in Hong Kong with limited liability on 20 March 2014, in its capacity as trustee-manager of Jinmao Investments
"Trustee-Manager Audit Committee"	the audit committee of the Trustee-Manager
"Trustee-Manager Board"	the board of directors of the Trustee-Manager
"Trustee-Manager's Articles"	the articles of association of the Trustee-Manager, as amended from time to time
"Unit"	a unit in Jinmao Investments

RESERVATION AND CONTACT ADDRESS

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Website: http://www.ritzcarlton.com/zh-cn/properties/sanya
Weixin: sanyarc

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Website: http://www.starwoodhotels.com/westin/property/overview/index.html?propertyID=1967
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RESERVATION AND CONTACT ADDRESS

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Website: http://chongming.regency.hyatt.com
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Renaissance Beijing Wangfujing Hotel
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Website: http://www.marriott.com.cn/hotels/travel/bjswf-renaissance-beijing-wangfujing-hotel/
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JINMAO INVESTMENTS & JINMAO (CHINA) INVESTMENTS HOLDINGS LIMITED

As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited
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