北辰实业
BEIJING NORTH STAR

HKEx Stock Code: 0588
SSE Stock Code: 601588

2015 Annual Report

Contents

Corporate Profile

Beijing North Star Company Limited (the "Company") was established by its sole promoter, Beijing North Star Industrial Group Limited Liabilities Company on 2 April 1997. The shares of the Company were listed on the Hong Kong Stock Exchange in May in the same year. In October 2006, the Company's A shares were issued and listed on the Shanghai Stock Exchange.

The Company's total registered capital is 3,367,020,000 shares, of which 2,660,000,000 shares (representing 79.002% of the total share capital) are A shares and 707,020,000 shares (representing 20.998% of the total share capital) are H shares.

The Company is principally engaged in development properties, investment properties (including hotels) and commercial properties.

The development properties business mainly set foot in Beijing aiming to expand beyond Beijing and consists of the development and sales of residential units, apartments, villas, offices and commercial buildings of different classes and features. Current major development projects of the Company include North Star Green Garden, North Star Bihai Fangzhou Garden Villas, North Star Red Oak Villa, North Star • Xianglu, North Star • Fudi, North Star • Villa 1900, Modern Beichen Yue MOMA, North Star Delta Project, North Star Central Park Project, North Star Modern Best+, North Star Olympic Garden, Hangzhou Shunfa CIFI Honor Mansion, Phase I and II, North Star • Landsea Sourthern Gate Green shire, Suzhou North Star CIFI No. 1 Courtyard, Nanjing North Star CIFI Park Mansion • Jin Ling, Dayuan, Chengdu Project, Langfang Longhe New District Project, Hefei Luyang District project, Wuhan Guanggu Creative Sky Project.

Comprehensive Property Department of National Convention Centre

Corporate Profile (Continued)

Properties held and operated by the Company involve convention and exhibition, hotel, office, apartment and shopping malls, with a total gross floor area exceeding 1,270,000 m^2, out of which 1,200,000 m^2 was in the Asian-Olympic core district in Beijing. Its operating items mainly include the National Convention Centre, Beijing International Convention Centre, InterContinental Beijing Beichen, North Star V-Continent Beijing Parkview Wuzhou Hotel, Beijing Continental Grand Hotel, National Convention Centre Hotel, Hui Bin Offices, Hui Xin Offices, North Star Times Tower, North Star Century Center, Hui Yuan Apartment, North Star Shopping Centre (Asian Sports Villiage Store (亞運村店)), North Star Shopping Centre (Beiyuan Store (北苑店)), etc. Projects outside Beijing include Intercontinental Changsha (長沙北辰洲際酒店).

In addition, the Company has intensively pushed ahead with exhibition brand expansion in the recent two years, and as at the end of 2015, it has established the North Star Exhibition Group (北辰會展集團) by integrating its industrial resources such as conventions and exhibitions, hotels, and information services, thereby setting up a solid platform and forming complete corporate structure for the development of its exhibition business and creating huge rooms for innovative development and full integration of its exhibition economy and new economy, new business and new technologies. Up to now, it has entered into trusteeship management and consulting service agreements on 15 exhibition or hotel projects including Zhuhai International Exhibition Center, Nanchang International Exhibition Center and Hotel, Beijing Yanxihu International Exhibition Center, Beijing Jingzhihu Resort Hotel, Ningxia International Hall, Hangzhou International Expo Center and Hotel, Lianyungang Xuwei District Exhibition Center and Hotel, Wuhan World Trade Center, Tibet Linzhi Hotel, and Sanya Financial Forum Convention Center and Hotel.

Adhering to the principle of maximizing shareholders' profit and on a historic mission to "create property value, build a century's foundation", the Company continues its great effort to develop into a nationally leading integrated real estate enterprise and China's most influential exhibition-brand enterprise.

Financial Highlights

RESULTS

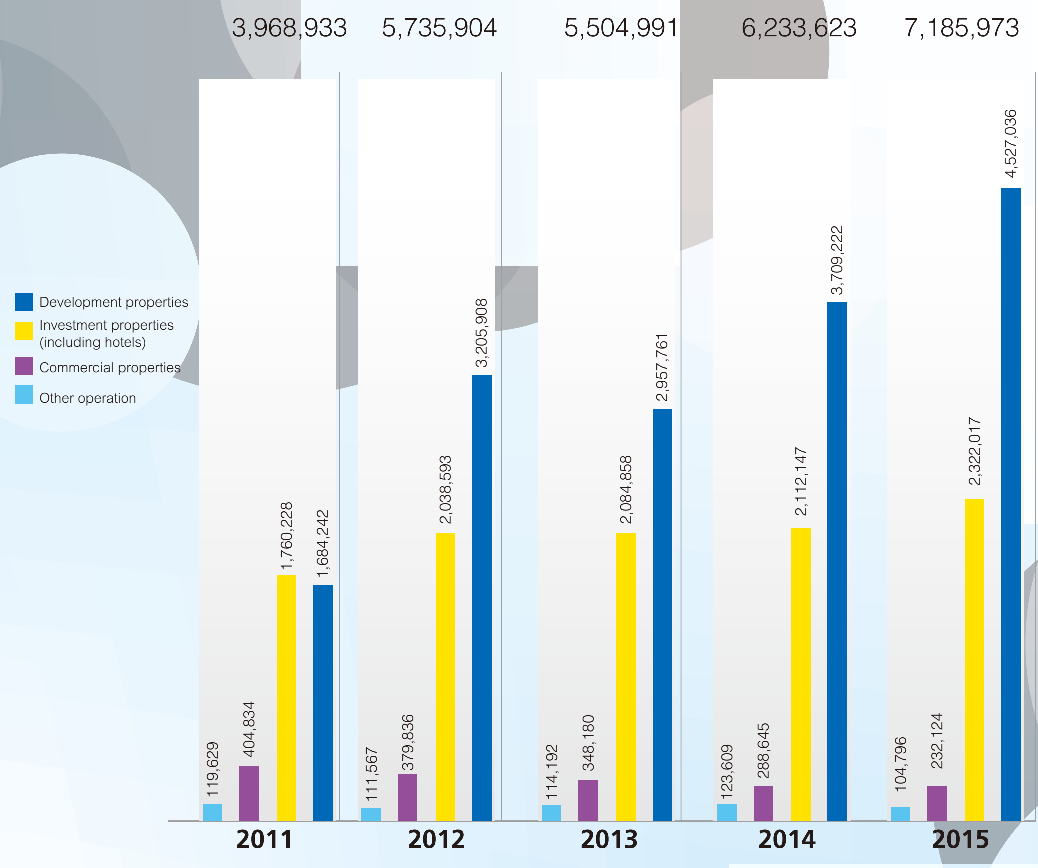
Year ended 31st December	2015 *RMB'000*	2014 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*	2011 *RMB'000*
Revenue	**7,185,973**	6,233,623	5,504,991	5,735,904	3,968,933
Profit before income tax	**1,345,150**	1,569,370	1,355,309	1,422,649	1,703,876
Income tax expenses	**561,098**	733,013	523,224	(476,465)	(509,229)
Profit for the year	**784,052**	836,357	832,085	946,184	1,194,647
Attributable to:					
Owners of the Company	**760,687**	779,992	799,535	970,008	1,172,525
Non-controlling interests	**23,365**	56,365	32,550	(23,824)	22,122

ASSETS AND LIABILITIES

As at 31st December	2015 *RMB'000*	2014 *RMB'000*	2013 *RMB'000*	2012 *RMB'000*	2011 *RMB'000*
Total assets	**54,527,322**	44,474,442	38,561,963	35,762,460	34,343,048
Total liabilities	**37,322,788**	28,307,778	23,067,596	20,857,332	20,283,093
Total equity	**17,204,534**	16,166,664	15,494,367	14,905,128	14,059,955

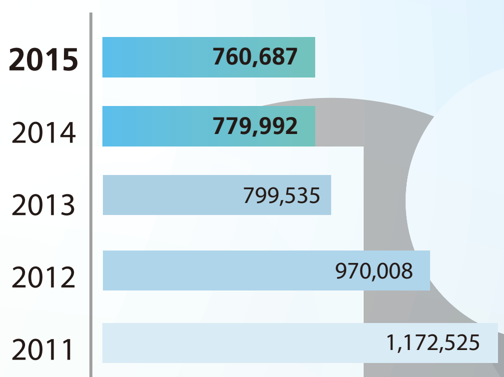
REVENUE BY BUSINESS

RMB'000



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

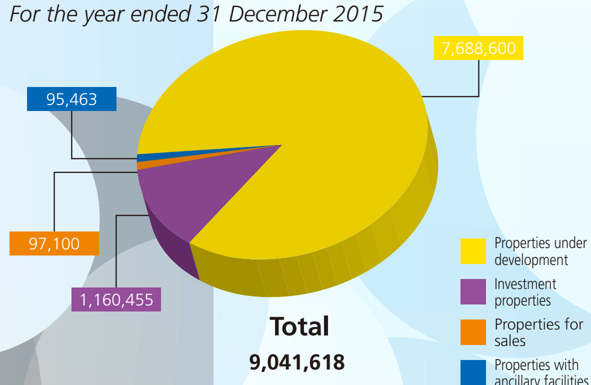
RMB'000



GROSS AREA OF PROPERTY PORTFOLIO

m^2

For the year ended 31 December 2015



Chairman's Report

Dear Shareholders,

On behalf of the board of directors (the "Board"), I am pleased to present you the operating results of the Company for the year ended 31 December 2015.

As of 31 December 2015, according to the HKFRSs, the Company recorded a turnover of RMB7,185,973,000, representing a year-on-year increase of 15.28%, which was attributable to the increased area of development properties available for settlement and the improved operating performance of investment properties (including hotels). Due to the decrease in gains from changes on fair value of investment properties, the profit before tax and the profit attributable to owners of the Company decreased by 14.29% and 2.48% to RMB1,345,150,000 and RMB760,687,000 respectively. In particular, the core operating results of the Company's principal business (after tax) was RMB743,872,000, representing a year-on-year increase of 12.86%. Profit per share was RMB0.23.

In retrospect of 2015, suffering from the in-depth impact of the international financial crisis, the world economy was still in deep adjustment with a slow economic recovery and a fragile growth. As China's economy stepped into the new normal, the national economy ran stably on the whole. Nevertheless, due to structural adjustment, momentum transitions and other elements alike, the economic growth declined to some extent. Facing anfractuous internal and external economic environments, the Company adhered to the strategy of parallel development of asset-oriented investment and service businesses which involve fewer assets of the Company, actively promoted the implementation of the three major strategies, namely, low-cost expansion, brand expansion and capital expansion, and constantly explored innovative development. The development property business sped up turnover rate of projects, further explored the market of the advantageous and core cities, and strengthened its coverage in vital cities. As a result, breakthroughs were made in low-cost expansion and the nationwide layout. The Company devoted more efforts in management export of exhibition venues and hotel projects, achieved preliminary results in brand expansion and continued to extend nationwide. By integrating high quality resource and developing convention and exhibition industry, North Star Exhibition Group (北辰會展集團) was established in line with the trend, which represented a more significant step towards the Company's strategy of "expansion at low cost, operation with light asset, support by new economy, and development of high-end service industry". It also marked an innovative initiative of the Company to adapt itself to the new normal of economic development of China and to contrive the new development landscape of the Company. With continuously broadened financing channels and constantly innovated financing modes, the Company raised proceeds of nearly RMB10 billion at the lowest financing cost.

Photo of Changsha North Star Delta (View from Liuyang River)

Chairman's Report (Continued)

Looking ahead to 2016, with increasing instabilities and uncertainties in external environment, China's economic development under new normal will also encounter various difficulties and challenges. Nevertheless, the favorable fundamentals bolstering economic growth remain unchanged. Under such circumstances, faced with both opportunities and challenges, the Company will confront difficulties and challenges, stand firm with confidence and resolution, give full play to the innovative potentials and effectively stimulate the innovative vitalities so as to seize new opportunities and seek for new development. The Company will continue to expand and strengthen real estate development business, rapidly promote development scale, and enhance the strategic layout of nationwide expansion. Fully capitalizing on the core advantage of North Star Exhibition Group and integrating both internal and external resources, the Company aims to accelerate the expansion and upgrading of the whole industrial chain of convention and exhibition business. During the transformation from property operation to industrial operation, the Company will deeply explore the development opportunities of service-based economy derived from various demands, foster the information-based, characteristic and branded emerging business by virtue of the new economy and new technology such as the Internet and big data, and thus form its new driver of profit growth and strategic support. The Company endeavor to build itself into a top-notch brand enterprise of integrated real estate and the most influential brand enterprise of convention and exhibition in China.

I firmly believe that, all the staff members of North Star will, with strong sense of professionalism and high sense of responsibility, strive for our steadfast mission of "create property value, build a century's foundation" and "build the nation's top-notch brand enterprise of integrated real estate and the most influential brand enterprise of convention and exhibition in China" by further adhering to the strategy of "expansion at low cost, operation with light asset, support by new economy, and development of high-end service industry", without disappointing investors who bestow trust on us.

Finally, on behalf of the Board, I would like to express our most sincere gratitude to all shareholders who have been supporting the development of the Company, and also to all the members of the Board and the supervisory committee of the Company for their due diligence, and I would like to extend our heartfelt thanks to all the staff members of the Company for all the hard work they have done!

By Order of the Board

HE Jiang-Chuan
Chairman

The Board's Discussion and Analysis on the Company's Operation during the Reporting Period

I. OPERATING ENVIRONMENT

In 2015, China's economy development steps into new normal. Facing pressure from downturning macro-economy and structural adjustment, the country and relevant governmental authorities adopted proactive fiscal policy, prudent monetary policy, and related industry stimulation policy to stabilize the economic growth, introducing measures to reduce interest rates, reduce reserve-requirement ratio, increasing investment in infrastructure, maintaining innovation-driving and strengthening risk prevention and control, ensuring the steady running of national economy and keeping the growth rate in reasonable range, and the GDP growth rate for the whole year remained at 6.9%.

1. Development Properties

Due to multiple favorable policies in 2015, the real estate market started to pick up gradually, sales area gradually increased and sales price started to show a growth tendency. However, oversupply still existed in some cities on account of large stocking, and differentiation between cities aggravated. The land market tended to recover rapidly at the end of year as the sales of commodity housing turned better in the second half of 2015, and prime land sites appeared frequently in first- and second-tier cities. According to the statistics of the National Bureau of Statistics (the same applied hereinafter), commodity housing sales area in the real estate market of China for 2015 was 1,124.06 million square meters, rising 6.9% over the same period last year and the corresponding average sales price was RMB6,472 per square meter, rising 9.1% over the same period last year.

Among first-tier cities, Beijing had its real estate market quickly picked up due to the introduction of multiple favorable policies and under the influence of fast-paced release of house purchasing demands. At the same time, subject to insufficient supplies from the supply-end, the market was in short supply, leading to rapid price increase. In the background of cumulated influence of supply reduction and land purchasing rebound of real estate empires, the floor price and turnover premium rate continued to rise. Sales area and the sales amount of commodity housing in Beijing for 2015 were respectively 11.27 million square meters slightly down 0.9% and RMB251.3 billion, up 19.5% respectively over the same period last year. The average selling price was RMB22,300 per square meter, up 20.5% over the same period last year.

Following the relaxation of property-purchasing limitations and limiting credits policy and the introduction of a series of measures such as reduction of interest rate and reserve-requirement ratio, tax exemption and adjustment of central provident fund in second-tier and other cities, the supply and demand contradiction in real estate market was somehow eased and the trade volume increased apparently. In some cities, however, destocking is still the core problem to be solved due to overstock in the early stage. Among all these cities that the Company has successfully entered:

Sales area and sales amount of commodity housing in the real estate market in Changsha were 16.87 million square meters and RMB93.5 billion respectively, up 26.7% and 28.7% respectively over the same period last year and the corresponding average transaction price was RMB5,544 per square meter, up 1.6% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Wuhan were 24.14 million square meters and RMB202.8 billion respectively, up 22% and 38.5% respectively over the same period last year and the corresponding average transaction price was RMB8,404 per square meter, up 13.6% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Hangzhou were 12.92 million square meters and RMB190.6 billion respectively, up 35.7% and 42.6% respectively over the same period last year and the corresponding average transaction price was RMB14,748 per square meter, up 5.1% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Nanjing were 14.29 million square meters and RMB160.9 billion respectively, up 27.1% and 30.5% respectively over the same period last year and the corresponding average transaction price was RMB11,260 per square meter, up 2.7% over the same period last year.

Sales area and sales amount of commodity housing in the real estate market in Hefei were 12.86 million square meters (down 3% over the same period last year) and RMB96.6 billion (up 5.3% over the same period last year) respectively and the corresponding average transaction price was RMB7,512 per square meter, up 8.6% over the same period last year.

Sales area and sales amount of commodity housing in the real estate market in Suzhou were 19.41 million square meters and RMB200.6 billion respectively, up 34.2% and 43.9% respectively over the same period last year and the corresponding average transaction price was RMB10,335 per square meter, up 7.2% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Chengdu were 24.47 million square meters and RMB161.1 billion respectively, slightly down 1.2% and 0.4% respectively over the same period last year and the corresponding average transaction price was RMB6,584 per square meter, slightly up 0.7% over the same period last year;

Sales area and sales amount of commodity housing in the real estate market in Langfang were 10.38 million square meters and RMB86.2 billion respectively, up 23.1% and 30.6% respectively over the same period last year and the corresponding average transaction price was RMB8,297 per square meter, up 6.1% over the same period last year.

2. Investment Properties (including hotels)

With the economic development entering the new normal and optimization of economic development structure and vigorous expansion of service industry in Beijing, investment properties (including hotels) market presents a good state as a whole, among which office buildings market saw a great demand guided by the policy to vigorously develop headquarter economy and construct "high-grade, precise and advanced" economic structure of the capital in Beijing City. However, the vacancy rate and rent level remained stable as affected by the increase in supply and the slowdown of growth of net take-up rate. As for convention and exhibition market, the State Council released *Several Opinions on Further Promoting the Reform and Development of Exhibition Industry*, which systematically sets the strategic objective and main tasks for the development of exhibition industry at the national level and provides powerful external support for the rapid development of convention and exhibition market. After experiencing long-termed market adjustment, the hotel industry and catering industry began to recover slowly with indices, including number of persons received, business revenue, average room rate and occupancy rate, growing stably. The supply and demand of apartments was slightly changed and the rent tended to rise stably.

3. Commercial Properties

Under the dual pressures of economic slowdown and the rise of online retailing, the comprehensive operation cost of commercial properties rose while the gross margin narrowed constantly. Faced with fierce market competition, traditional business is now speeding up to integrate itself with e-commerce for the purpose of promoting transformation and innovation of commercial properties.

The Board's Discussion and Analysis on the Company's Operation during the Reporting Period (Continued)

II. REVIEW OF OPERATIONS DURING THE REPORTING PERIOD

In the year of 2015, facing situation changes and fierce competition under the new normal of economic development, the Company continued to insist on the development strategy of focusing on both heavy-asset investment business and light-asset service business, the three expansion strategies of capital expansion, brand expansion and low-cost expansion. It also continued to innovate operation concept, business model and development route with outstanding results.

In the year of 2015, revenue of the Company was RMB7,185,973,000, up 15.28% over the same period last year as a result of the increase in settled area resulting from property development and the growth of the operation results of investment property (including hotels). Due to the decrease in gains from changes in the fair value of investment property as compared with that of last year, profits before tax and profits attributable to owners of the Company were RMB1,345,150,000 and RMB760,687,000 respectively, down 14.29% and 2.48% respectively. The after-tax core operating results of the principal businesses of the Company (excluding gains arising from the changes in fair value) was RMB743,872,000, up 12.86% over the same period last year. Gains (after tax) arising from the changes in fair value of investment properties was RMB16,815,000 in this period. Earnings per share was RMB0.23.

1. Development Properties

During the reporting period, facing the relaxed political environment in real estate market, the Company continued to speed up the development and turnover of projects and actively utilized the Internet as promotion means to conduct marketing interactions with customers via multiple channels to further raise the popularity of its products.

Photo of Beijing North Star • Xianglu

Internal view of North Star Red Oak Villa showroom

Panorama of Modern Beichen Yue MOMA

In Beijing area, the Company tracked customer groups by circle marketing and strengthened promotion to regional customers of North Star Xianglu Project, and achieved a contracted amounts of RMB830 million (226 sets). The Company uncovered selling points of North Star Red Oak Villa project and also conducted target marketing strategies by online, offline and the combination of promoting first-hand and second-hand houses. The annual sales of the Villa contractual sales accounted for nearly 30% of total villa sales in north Olympic area. Crowd funding of the Contemporary North Star • Yue MOMA Project was tested successfully by selling out all of the 693 sets of self-occupied housing on the opening date with the contracted amounts up to RMB1.23 billion.

In southern area, as an urban economic complex featured by function aggregation and land consolidation, the North Star Delta Project is gradually prominent on cost performance and absorption capacity. The cultural atmosphere and commercial value of the project location increases gradually, with successive opening of the "one library, one museum and two halls" (Changsha Library, Changsha Museum, Changsha Planning Exhibition Hall and Changsha Concert Hall), the city level cultural service


Photo of Dingjiangyang of Changsha North Star Delta


Panorama of Changsha North Star Central Park


Photo of sales department of Wuhan North Star Modern Best+

Design sketch of Hangzhou North Star Olympic Garden (杭州北辰奧園)

of Changsha City, which is next to this project. During the reporting period, the sales area of North Star Delta project was 316,000 square meters; the contracted amounts were RMB3.11 billion, both of which ranked first in Changsha commodity housing projects in 2015, and has become the sales champion among the real estate market in Changsha City for three years consecutively. As at the end of 2015, various commodity residential units had been sold for nearly 10,000 sets accumulatively, with the sales proceeds of over RMB12 billion. A total of 3.066 million square meters new construction area was constructed while 2.038 million square meters area was completed accumulatively, accounting for 56% and 37% of the gross floor area respectively. Based on its own features, Changsha North Star Central Park project carried out targeted marketing strategies to tap the potential of client resources and further promote its sales by entering into contracts with Xiangfu Yingcai Primary School (湘府英才小學) for increasing the added value of the project. During the reporting period, the project realized a contracted sales amounts of RMB470 million (589 sets). Wuhan North Star Contemporary Best+ (武漢北辰當代優+) project and Hangzhou North Star Olympic Garden (杭州北辰奧園) project each recorded a sales volume of over one hundred houses on the date of opening for sale owing to the shortened development circle for speeding up turnover, innovative marketing idea focusing on market hotspots and rapid sales and bestselling through event marketing.

In 2015, the Company accelerates the land reservation, and breaks through in low cost expansion and nationwide layout. During the reporting period, the Company entered into five new cities, namely: Chengdu, Suzhou, Nanjing, Hefei and Langfang, and 12 new land parcels were added to its land reserves, reaching 2.11 million square meters.

In the year of 2015, due to the increase in settled area resulting from property development, revenue of development property reached RMB4,527,036,000 (including parking space), up 22.05% over the same period last year, and the profit before tax was RMB716,009,000, up 4.21% over the same period last year. During the reporting period, the resumed construction area of development property was 2,760,000 square meters, and the completed area was 530,000 square meters, the contracted amount and the sales area were RMB7.34 billion (including parking space) and 610,000 square meters respectively.

Table 1: Real Estate Reserve during the Reporting Period

No.	Project	Land area held for development (m^2)	Planned Plot Ratio-Based Gross Floor Area (m^2)	Whether cooperative development project is involved	Area of cooperative development (m^2)	Percentage of interest in cooperative project (%)
1	North Star Delta	2,424,000	3,920,000	No	–	100
2	North Star Central Park	621,000	720,000	Yes	367,000	51
3	North Star Contemporary Best+	214,000	241,000	Yes	108,000	45
4	Hangzhou Shunfa CIFI Honor Mansion, Phase II	31,000	23,000	Yes	12,000	50
5	North Star • Landsea Sourthern Gate Green Shire (北辰 • 朗詩南門綠郡)	234,000	159,000	Yes	64,000	40
6	Suzhou North Star CIFI No. 1 Courtyard	268,000	180,000	Yes	90,000	50
7	Nanjing North Star CIFI Park Mansion • Jin Ling	105,000	71,000	Yes	36,000	51
8	Dayuan, Chengdu Project	147,000	97,000	No	–	100
9	Langfang Longhe New District Project (廊坊龍河新區項目)	419,000	297,000	No	–	100
10	Hefei Luyang District project (合肥廬陽區項目)	329,000	239,000	Yes	120,000	50
11	Wuhan Guanggu Creative Sky Project (武漢光谷創意天空項目)	478,000	337,000	Yes	172,000	51
	Total	5,270,000	6,284,000	–	292,000	–

Notes:

1. Planned plot ratio-based gross floor area and area of cooperative development represent the data calculated with reference to the conditions of assignment at the time of project auction;
2. Land area held for development represents the gross construction area of land held for development;
3. Planned plot ratio-based gross floor area represents the total plot ratio-based gross floor area of the planned projects;

4. Area of cooperative development projects represents the plot ratio based gross floor area attributable to the percentage of interest in the cooperative development projects;
5. Total land reserve of the Company is 7,788,000 m^2, equity land reserve is 6,365,000 m^2. The above land reserve doesn't include the projects that are under construction and unsold.

Table 2: Investment on Real Estate Development during the Reporting Period

Unit: RMB 100 Million Currency: RMB

SN	Location	Project	Operating state	Project state	Project area *(square meter)*	Planned capacity building area *(square meter)*	Total floor area *(square meter)*	Floor area under construction *(square meter)*	Completion area *(square meter)*	Total planned investment *(RMB 100,000,000)*	Actual investment amount during reporting period *(RMB 100,000,000)*
1	Chaoyang, Beijing	North Star Green Garden	Residence and supporting facilities	Completed	870,000	1,210,000	1,600,000	0	1,600,200	90.60	0.31
2	Chaoyang, Beijing	Bihai Fangzhou Garden	Villa, Apartment and residence	Completed	119,500	55,000	77,100	0	77,100	17.43	2.31
3	Changping, Beijing	North Star Red Oak Villa	Villa	Under Construction	287,500	150,000	213,700	173,800	97,000	27.58	3.73
4	Haidian, Beijing	North Star · Xianglu	Residence	Completed	142,400	230,000	312,100	0	312,100	28.51	0.94
5	Chaoyang, Beijing	North Star • Fudi	Commercial residence and supporting facilities	Completed	161,600	390,000	459,300	0	459,300	27.54	0.94
6	Shunyi, Beijing	North Star • Villa 1900	Residence	Under construction	101,200	140,000	213,300	213,300	76,200	24.45	2.00
7	Shunyi, Beijing	Modern Beichen Yue MOMA	Owner occupied commercial housing, housing of two limits	Commenced	52,800	109,000	132,500	132,500	0	23.47	3.49
8	Changsha, Hunan	North Star Delta	Residence, commercial and office building	Under construction	780,000	3,920,000	5,490,000	1,421,300	2,038,000	330.00	23.18
9	Changsha, Hunan	North Star Central Park	Residence	Under construction	336,300	720,000	906,300	285,800	0	48.00	4.88
10	Wuhan, Hubei	North Star Contemporary Best+	Residence and commercial	Commenced	104,700	240,000	325,000	110,900	0	21.00	1.76
11	Hangzhou, Zhejiang	North Star Olympic	Residence and commercial	Commenced	83,900	230,000	317,500	317,500	0	28.30	5.75
12	Hangzhou, Zhejiang	Hangzhou Shunfa CIFI Honor Mansion, Phase I	Residence and commercial	Commenced	41,900	75,000	108,300	108,300	0	14.85	8.94
		Total			3,081,800	7,469,000	10,155,100	2,763,400	4,659,900	681.73	58.23

Note:

1. Total investment amount represents the estimated investment amounts for the project.

The Board's Discussion and Analysis on the Company's Operation during the Reporting Period (Continued)

Table 3: Real Estate Sales during the Reporting Period

SN	Location	Project	Operating state	Saleable area *(square meter)*	Pre-sold area *(square meter)*	Sold area *(square meter)*
1	Chaoyang, Beijing	North Star Green Garden	Residence and supporting facilities	10,020	–	1,396
2	Chaoyang, Beijing	Bihai Fangzhou Garden	Villa, apartment and residence	1,466	–	636
3	Changping, Beijing	North Star Red Oak Villa	Villa	72,897	13,888	13,888
4	Haidian, Beijing	North Star • Xianglu	Residence	69,688	–	37,699
5	Chaoyang, Beijing	North Star • Fudi	Commercial, residence and supporting facilities	36,437	–	8,708
6	Shunyi, Beijing	Modern Beichen Yue MOMA	Owner occupied commercial housing and housing of two limits	108,286	72,099	72,099
7	Changsha, Hunan	North Star Delta	Residence, commercial and office building	741,868	223,256	315,901
8	Changsha, Hunan	North Star Central Park	Residence	201,661	74,606	74,606
9	Wuhan, Hubei	North Star Contemporary Best+	Residence and commercial	84,195	46,213	46,213
10	Hangzhou, Zhejiang	North Star Olympic	Residence and commercial	84,151	21,304	21,304
11	Hangzhou Zhejiang	Hangzhou Shunfa CIFI Honor Mansion, Phase I	Residence and supporting facilities	31,608	17,765	17,765
		Total		1,442,277	469,131	610,215

Notes:

1. The pre-sold area is the pre-sold construction area for project property under construction;
2. The sold area is the total construction area of forward housing and completed housing;
3. In 2015, the period sold area is 610,000 m^2, the period sales amount is RMB7.34 billion, the period settlement area is 347,000 m^2,the period settlement amount is RMB4.53 billion.

2. Investment Properties (including hotels)

Facing market changes, the Company actively adjusted operating strategies and innovated development ideas. On the one hand, marketing promotion was strengthened by taking the comprehensive commercial advantage of powerful linkage of investment properties (including hotels) and the geographical advantages of location in the core area of Asia Olympic Area, in order to advance the industrial upgrade of traditional business and improve enterprise operation efficiency. On the other hand, the important exploration to the strategic development of "expansion with low cost, operation with light asset, support by new economy, and development of high-end service industry" was promoted continuously, with nice opportunities produced under the situation of North Star Events Group. In 2015, revenue of investment properties (including hotels) was RMB2,322,017,000, up 9.94% over the same period last year, and the profit before tax was RMB680,266,000 without taking into account the interests costs apportionment, up 22.45% over the same period last year.

The Board's Discussion and Analysis on the Company's Operation during the Reporting Period (Continued)

The National Convention Center and Beijing International Convention Center are the core of the North Star Exhibition Function Area, and has totally hosted 1,754 conferences and 90 exhibitions, in total increased by 194 over the same period last year during the reporting period. On the basis of strengthening, enlarging and renewing traditional reception services, the Company innovated a new development thought of convention and exhibition industry and cultivated upstream business of convention and exhibition. During the reporting period, China National Convention Center successfully held a series of conferences such as "2015 High-end Academic Conference Development Forum and Exhibition", "2015 Global Mobile Internet Conference – Mobile Internet + Convention and Exhibition Sub-forum" and "the Second High-end Academic Conference Development Forum", etc, which provided a good start for expansion into the whole industry chain of convention and exhibition. On the basis of steadying the main operation marketing, Beijing International Convention Center strengthened the development for the market segments; optimized the exhibition projects by utilizing price lever, and strived on increasing economy benefits.

The National Convention Center celebrated Beijing's successful bid for the 2022 Winter Olympics

Beijing CPPCC was held in Beijing International Convention Center

Besides, the Company established North Star Events Group formally during the reporting period, in order to grasp market transformation and industrial development opportunities under new economy and new business, and initiate the innovative development pattern of convention and exhibition industrial group, scale, and specialization. On the development platform of six entity companies*note*, this group further

Photo of office buildings of North Star Century Center

Beijing Continental Grand Hotel entertains athletes from Beijing 2015 Athletics World Championships

Hui Yuan Apartment

Note: The six companies are Beijing North Star Exhibition Group Co., Ltd., the parent company, Beijing North Star Hotel Management Co., Ltd. (北京北辰酒店管理有限公司) and Beijing North Star Xintong Network Technologies and Services Co., Ltd. (北京北辰信通網絡技術服務有限公司), two pre-existing subsidiaries, together with the newly-established Beijing North Star Convention and Exhibition Information Services Co., Ltd. (北京北辰會展信息服務有限公司), Beijing North Star Times Exhibition Co., Ltd. (北京北辰時代會展有限公司) and Beijing North Star Exhibition Co., Ltd. (北京北辰星會展有限公司).

implements the four business systems including "accelerating brand management and management output of conventions and exhibitions and hotels", "pushing forward R&D, education, training, and industrial communication of convention and exhibition", "realizing the integrative development of convention and exhibition + internet economy" and "expanding the sponsors and undertakers of conventions and exhibitions", for the mission of "integrating both interior and exterior sources and developing North Star convention and exhibition industry". Also, according to market changes, industrial trends, and development and revolution of new economy, new business and new technologies, this group will also actively explore all possible innovative businesses and cultivate new business, in order to finally achieve "6+4+N" business mode. The establishment of North Star Events Group sets up a solid platform and thorough structure for the sustainable development of the company convention and exhibition industry.

In terms of office buildings, the Company integrates customer resources, optimizes customer structure, continuously subdivides market and carries out differentiated marketing, so its occupancy rate and rental are kept at a relatively high level, which have been an important source of the profit of investment property (including hotels) field.

In terms of hotels, on the basis of market demands, the Company carries out targeted market strategies, in order to develop potential customers constantly and enrich customer source types continuously. At the same time, it keeps housing price and occupancy rate superior to the average level of the same industry, by strengthening the promotion of internet marketing mode and increasing brand awareness and influence gradually.

In terms of apartment, according to the different requirements of different customer groups, the Company keeps the occupancy rate and average price at a relatively high level by consolidating extended stay market, striving to improve individual customer market, and widening valid connection to conference market demands constantly.

Table 4: Leasing Condition of Real Estate during the Reporting Period

Currency: RMB

No.	Area	Project	Operating state	Construction area of real estate leased *(Square meter)*	Rental income of real estate leased *(RMB10,000)*
1	Beijing	National Convention Centre	Convention and exhibition	270,000	54,964
2	Beijing	Beijing International Convention Centre	Convention and exhibition	56,400	11,818
3	Beijing	Hui Bin Offices	Office building	37,800	5,869
4	Beijing	Hui Xin Offices	Office building	38,000	4,666
5	Beijing	North Star Times Tower	Office building	139,367	21,587
6	Beijing	North Star Century Center	Office building	149,800	28,279
7	Beijing	Beijing Continental Grand Hotel	Hotel	42,613	13,184
8	Beijing	National Convention Centre Hotel	Hotel	50,200	9,686
9	Beijing	V-Continent Beijing Parkview Wuzhou Hotel	Hotel	60,205	18,943
10	Beijing	Intercontinental Beijing North Star Hotel	Hotel	60,000	18,948
11	Changsha	Intercontinental Changsha	Hotel	79,199	14,330
12	Beijing	Hui Yuan Apartment	Apartment	179,662	23,487
13	Beijing	North Star Shopping Centre (Asian Sports Village Store (亞運村店))	Commercial	30,463	19,618
14	Beijing	North Star Shopping Centre (Beiyuan Store (北苑店))	Commercial	65,000	7,777

Notes:

1. The commercial operation modes of North Star Shopping Centre (Asian Sports Village Store) are dominated by joint operation and subordinated by lease and proprietary operation;
2. The commercial operation modes of North Star Shopping Centre (Beiyuan Store) are dominated by lease and subordinated by joint operation and proprietary operation;
3. Construction area of real estate in lease represents the total construction area of the project;
4. The rental income of real estate leased is the operating income of projects;
5. Construction area and operating revenue of North Star Times Tower have included the construction area and operating revenue of the Legend project.

The Board's Discussion and Analysis on the Company's Operation during the Reporting Period (Continued)

3. Commercial Properties

In terms of commercial properties, by deeply studying and judging changes of market consumption demands under the background of the profound industry renovation of retail industry, and actively innovating service and marketing methods on the basis of trying hard to improve commodity quality and service experience, the Company has completed the tentative exploration of omni-channel marketing mode through mobile network platform, satisfied the diversified demands of customers and further improved the transaction efficiency of entities stores.

Photo of North Star Shopping Centre (Asian Sports Village Store)

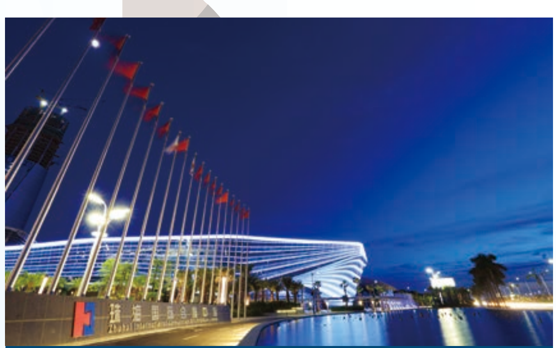
4. Development Strategy Implementation of the Company

In 2015, the Company consistently implements the three expansion strategies of low-cost expansion, brand expansion and capital expansion with significant results.

As for the strategy of low cost expansion, while continuing to deepen the exploration of Beijing and Changsha markets, the Company actively seeks to spread over first-tier and second-tier cities with wide economic prospect, large market space, and strong market support as well as important node cities developing in coordination with Beijing-Tianjin-Hebei. Through various ways such as participation in land remising and cooperation and merger, its development scale and market occupancy are improved constantly by promoting nationwide strategic layout stably. By the end of the reporting period, the Company has entered 9 cities including Beijing, Changsha, Wuhan, Hangzhou, Chengdu, Nanjing, Suzhou, Hefei and Langfang; and the multi-plate pattern covering North China, East China, central region and southwestern region has taken preliminary shape. In 2015, 12 parcels of land reserve were newly added; with the total construction area of about 2.11 million square meters, and the equity construction area of about 1.3 million square meters.

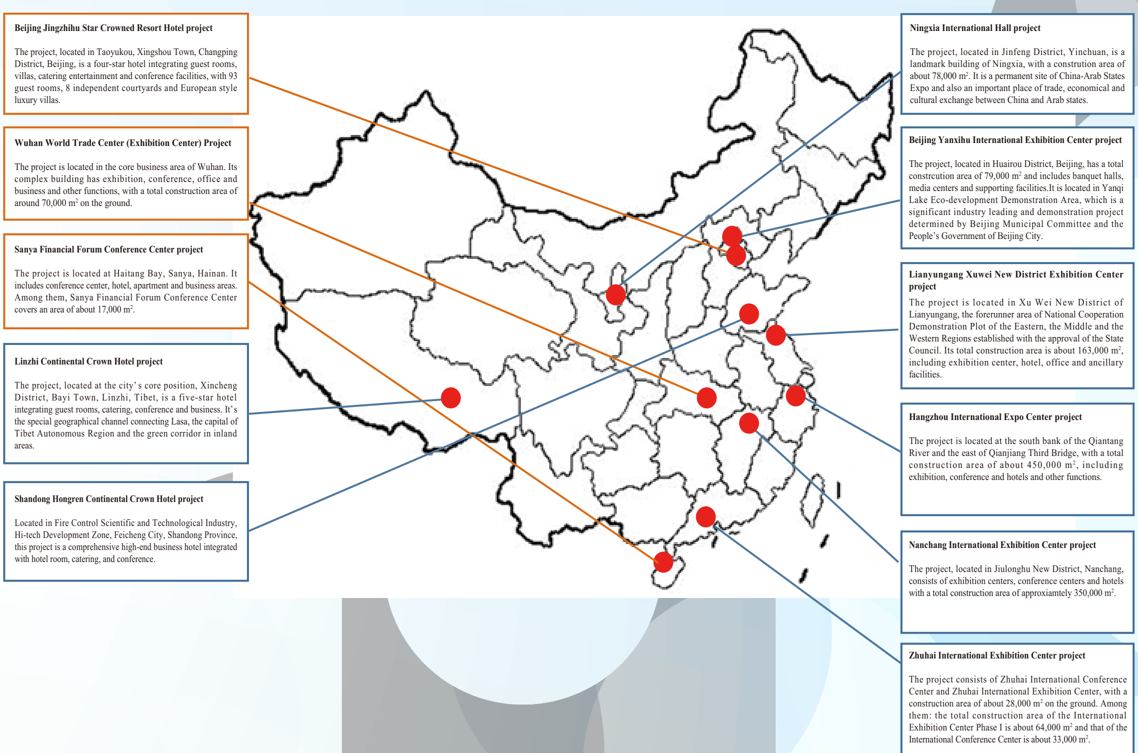
In respect of brand expansion strategy, the management output territory of convention venues and hotels of the Company extends nationwide constantly and has taken shape tentatively; and North Star Events brand has been accepted widely, on the basis of the innovation development principle of light asset service business. During the reporting period, the Company has successfully signed contracts for the entrusted operating management of Hangzhou International Expo Center Project, Ningxia International Hall Project, and Shandong Hongren Continental Crown Hotel Project. An aggregate of 15 conventions, exhibitions and hotel projects for consultant and entrusted operation have been signed accumulatively and 1.51 million square meters entrusted operation and management construction area has been achieved accumulatively. Taking Ningxia International Hall Project (the permanent site of China-Arab States Expo) as an example, the management team of North Star Events accomplished various works from new hall preparation to the Fifth China-Arab States Expo, with its excellent management and operation capacity. Also, Hangzhou International Expo Center (the hosting site of the G20 Finance


Photo of Ningxia International Hall


Night view of Zhuhai International Exhibition Center

Ministers and Central Bank Governors) is another significant comprehensive international activity received by the Company after the APEC in 2014, which further showed the operating assurance capacity of North Star Events on reception and service for high-specification foreign and national affairs. Besides, Zhuhai International Convention & Exhibition Center has constantly refreshed its records on several dimensionality of undertaken conventions and exhibitions, such as contents, scale and specification, since it started business for operation; it has undertaken the reception of conventions and exhibitions for 481 times accumulatively, including large conventions and exhibitions at the scale of one thousand persons for 166 times.

Table 5: Summary table of the entrusted operation projects and consulting projects of the Company in 2015



Note: Projects in yellow boxes are consulting ones; and in blue boxes are entrusted operating projects.

The Board's Discussion and Analysis on the Company's Operation during the Reporting Period (Continued)

In terms of capital expansion strategy, the Company continuously optimized its debt structure and vigorously expanded direct financing channels with the "headquarters financing" platform. During the reporting period, it successfully issued two corporate bonds at the interest rates of 4.80% and 5.20% respectively, totaling RMB2.5 billion, with the advantageous time window period. At the same time, the Company actively advanced the preparation of non-public offering A share and non-public offering corporate bonds, which provided powerful support and guarantee for the business development of the Company.

5. Comprehensive Strength and Brand Building

The Company firmly believes that the "North Star" brand is the most powerful endorsement for the Company's development, and is also the performance guarantee and basic drive for sustainable development. Over time, the Company adheres to the enterprise mission of "Creating property value and building centuries foundation", centers on the strategic objective of "China complex estate brand and China top influential exhibition brand", insists on building good brand image, wins the respects and many praises from shareholders, customers, cooperative partners and competitors in the process of development, and the industrial impact is continuously upgrading. In the Reporting Period, the Company has been awarded as "Professional Leading Brand of China Complex Estate" for nine consecutive years and awarded with "Beijing Top 20 Funds and Credits for Real Estate"; the National Convention Center has been awarded with "Top Ten Influential Enterprises" by Beijing Influence Committee because of the advanced facilities, professional reception level and top servicing level; the V- Continent Parkview Wuzhou Hotel which is the first five-star hotel managed by the Company was awarded with "The Third China Hotel Golden Star Award" by China Hotel Sector Society; and the Changsha Beichen Intercontinental Hotel was awarded with the Twelfth China Hotel Golden Pillow Award-2015 China top 10 popular business hotel.

Lobby of North Star V- Continent Parkview Wuzhou Hotel

Changsha North Star Intercontinental Hotel

6. Investor relations

The Company highlights multiple-layer and diversified investor communication which is used for supplementing information disclosure and integrated in the Company's development strategic system. The diversified communication channel should be established via such communication mechanisms as on-site road show, investigation on domestic and foreign investors, teleconference, special column for investor relations and hotline, initiative communication should be developed with investors in an overall manner and attention should be paid to the protection of investors' rights and interests; strong support should be provided for the investors' communication and investigation and investment decision-making so as to enhance investors' understandings and recognition on company development and grow together with investors.

7. Efforts for Environmental Protection

The Company keeps highlighting the harmonious development of environment benefits and economic benefits and abides by the construction idea of carrying out property development and environmental protection at the same time in daily building business and operation management; keeps developing environmental protection technical innovation activities and strengthening environmental protection management measures. Within the report period, the B1E1 Region of North Star Delta project obtained the "Star 1 Green Architectural Design Label Certificate" issued by Ministry of Housing and Urban-Rural Development of the People's Republic of China and the B2E2 Region the "Star 1 Green Architectural Evaluation Label Project" by Hunan Department of Housing & Urban-Rural Development. As the first participating enterprise, China National Convention Center introduced beverage bottle recycling machine together with China Social Welfare Foundation, encouraged recycling resource wastes through correct channels and donated the gains by recycling to the children in poverty-stricken area. By using ESCAP system, the international advanced energy control system, InterContinental Beichen has made its electric consumption quantity reduced by 2,990kWh and gas quantity reduced by 1,163m^3 compared with the same period of last year, so as to save the daily energy consumption effectively.

III. COMPETITION PATTERN AND DEVELOPMENT TREND IN THE INDUSTRY

In 2016 which is the beginning year for the "13th Five-year Plan" with new norm of fast economic development, China will keep insisting on the general working style of seeking improvement in stability, boost supply side structural reform and in accordance with the development concept of innovation, coordination, green, openness and sharing, eliminate excess capacity, resolve real estate inventory and speed up the transformation of economic development mode while expanding domestic demand properly; develop service industry vigorously, exert the basic role of consumption fully, promote the quality and benefits of economic development and promote the continuous and healthy development of national economy.

As for development property, the 2015 Central Economic Working Conference expressly put forward that the government will insist on the macro-control policy of "giving classified guidance and implementing diversified policies according to the local situation of different places" to resolve the de-stocking problems in the real estate market. Though a few cities have made gentle modification to the house-purchase restriction policy, the real estate market will enjoy development in a stable manner in 2016 backing up by the relatively easing policy and financial environment, thus creating favorable external environment for the stable operation of property developed by the Company.

As for investment property (including hotel), under the background that China's economic development enters new norm and the economy is under transformation, the government will develop service market and consumption market in priority. According to Beijing's "13th Five-year" Development Plan, the productive service industry should be developed vigorously and high-grade, precision and advanced economic structure should be formed in a faster speed. As the critical platform and pillar for the tertiary industry, exhibition economy will have huge historical opportunities, as the functional positioning of Beijing as political center, cultural center, international communication center and scientific innovation center is gradually strengthening. Under the guidance of *Guiding Idea of Speeding Up the Development of Life Service Industry and Promoting Consumption Structure Upgrade* of the State Council (hereinafter referred to as "the Guiding Idea"), the exhibition industry will bring the development of such industries as hotel, catering and retailing while exerting the economic effect of expanding demand and promoting consumption. According to the *Guiding Idea*, apartment is defined as a life service sector and the development of related sub-sectors such as short term lease apartment and long term lease apartment is highly encouraged, bringing new opportunities to apartment development.

As for commercial property, on the basis of the continuous and rapid growth of resident income and continuous optimization of allocation structure, with the continuous promotion for structure reform at supply side, the supply quality and consumption environment will improve more rapidly, the consumption market potential will further appear.

IV. DEVELOPMENT STRATEGY OF THE COMPANY

Faced with the new norm of China's economic development, the Company should not only adapt to the new economic trend in concepts but also grasp the new enterprise development opportunity from operation. Driven by innovation and with development as the ultimate goal, the Company should determinedly boost three strategies, i.e., capital expansion, brand expansion and low cost expansion and forge ahead toward the direction of "low cost expansion, asset-light strategy, new economic support and high-end service industry development" in order to enhance the Company's sustainable development capacity. In 2016, the Company will strictly control costs and expenditures and keep reducing costs, strengthening budget rigidity and specifying budget execution.

1. Development Properties

By grasping the relatively loose policy environment, the Company will highlight de-stocking, realize the high quality development, high product sales volume and high capital turnover rate, and strengthen the sustainable development ability of Company. In terms of development strategy, centering on first- and second-tier cities, on the basis of continuous business cultivation in the cities such as Hangzhou, Wuhan, Chengdu, it will focus on key cities in hot region, continue to pay close attention to investment opportunities for culture and tourism estate in Yunnan and Hainan, strive to enter two to three cities, successively improve the development pattern covering multi-sectors of city circles of circum-Bohai Sea, Yangtze River Delta, Central China and Sichuan and Chongqing region, and speed up the strategic layout of nationwide expansion of the Company. In terms of project construction, within this year we will start the construction of the existing North Star delta C2, C3 and A3, Changsha North Star Central Park Zone C, Beichen Contemporary Superior+, Phase II, and 2015 new-added Hangzhou Shunfa CIFI Honor Mansion, Phase II, Beichen Langshi South Gate Greenshire, Beichen Xuhui No. 1 Yard in Suzhou, North Star CIFI Park Mansion • Jin Ling, Chengdu Dayuan Project, Langfang Longhe New District Project, Hefei Luyang District Project, Wuhan Guanggu Creative Sky Project, which will be the strong support for sale performance of the Company; we will complete the construction of North Star delta B1E1, B2E2, Changsha North Star Central Park Zone A and B, and North Star • Villa 1900 Project, which would be the powerful guarantee for project settlement. In terms of marketing strategy, the Company will, on the basis of strengthening targeted marketing and digging out clients' potential, facilitate online and offline interactive innovation and intensify event marketing to achieve centralized contract-signing for projects. In terms of project operation, the Company will grasp the key points, rhythm and strength of operation for the existing projects, and enhance benefits and constantly expand brand influence on the basis of enhancing sales volume. As for the newly added projects, the Company will speed up the project construction progress and carry out product launches as soon as possible.


Bird's-eye view of Langfang Longhe New District Project


Bird's-eye view of Nanjing North Star CIFI Park Mansion • Jin Ling


Bird's-eye view of Wuhan Guanggu Creative Sky Project


Design sketch for courtyard townhouses of Beijing North Star • Villa 1900


Bird's-eye view of Changsha North Star Central Park Project


Bird's-eye view of Chengdu North Star•Xianglu


Bird's-eye view of Wuhan North Star Modern Best+


Bird's-eye view of Hangzhou Shunfa CIFI Honor Mansion


Bird's-eye view of Chengdu North Star • Landsea


Bird's-eye view of Suzhou North Star CIFI No. 1 Courtyard


Bird's-eye view of daylight of C2 and C3, Changsha North Star Delta Project

2. Investment Properties (including hotels)

As for investment properties (including hotels), the Company will rely on the geo-advantage of Asian-Olympic core district and the comprehensive advantages of abundant commercial activities and strong linkage, continue to be guided by market, and dig out the operation potential for every sectors, in order to further improve asset economic benefit. On the one hand, the Company will try hard to exert its function of serving capital and improve the current investment property comprehensive service operating standard, in order to guarantee the reception service for significant events such as G20 summit, China Beijing International Fair for Trade in Services, the First Winter Expo, etc. On the other hand, by taking the establishment of North Star Events Group as an opportunity, the Company will deeply explore service economy development opportunity derived from various demands during the transformation from property operation to industrial operation on the basis of "6+4+N" business mode, and constantly inject new power and connotation to the development mode of "expansion with low cost, operation with light asset, support by new economy, and development of high-end service industry" with new technologies and new business, promote development for both the asset-heavy investment business and the asset-light service business of the Company.

3. Commercial Properties

Faced with the operation pattern featured by industrial homogeneity and fast division of new sectors in commercial properties, the Company will actively adapt to and grasp the general consumption upgrade trend and keep promoting physical store differentiated operation policy constantly through different ways such as the transformation of operation mode, online and offline integration and coordinated development of several sectors so as to realize stable operation.

4. Financing and Capital Expenditure

The Company will draw on the advantages of "headquarters financing" mode to coordinate multi-channel financing by taking advantage of the currently loose capital market and favorable capital market, innovate in financing mode, try to build new financing platform and keep expanding financing scale; enhance the proportion and ability of direct financing by capital market and optimize resources allocation to fully ensure the provision of capital for the stable growth of the Company's operation scale.

The Company is expected to make fixed asset investment of RMB210 million in 2016, which will be paid on the basis of work progress. The capital will come from internal fund.

V. SCHEME OF OPERATIONS

In 2016, it is estimated that new construction area of the Company developing properties will be 2.43 million m^2, area for new and resumed construction will be 4.66 million m^2, the completed area will be 0.88 million m^2 with targeted sales of 0.9 million m^2, and the amount for contract signed (including parking spaces) will be RMB11.8 billion.

The Company investment properties will innovate in business development models while upgrading the existing operation service abilities, strengthen the brand impact on upstream and downstream industry chain, and actively cultivate new performance growth points.

VI. POTENTIAL RISKS FACED BY THE COMPANY

1. Policy risks

In recent years, China and relevant departments have taken a series of macro-control measures to establish and improve the long-term mechanism for the healthy development of real estate industry, by adjusting the supply and demand in the real estate market from finance, tax, land and housing supply structure. The policy uncertainty resulting from such measures will bring certain risks to real estate companies regarding land acquisition and development, construction, sale and financing of projects.

On the basis of the risks above, the Company will keep enhancing product positioning capacity and marketing planning level for development property according to the market change. The Company will also speed up the turnover of the existing project, increase understanding of the national macro policies, seek for market opportunities actively, add excellent land reserves reasonably by seizing opportunities and keep enhancing the potential of sustainable development of development property.

2. Market risks

In recent years, with decreasing land supply as a result of increasingly saturated real estate markets in some first- and second-tier cities and growing willingness of real estate companies to acquire land, land prices are constantly going up. A phenomenon of "land prices above house prices" even emerged in the real estate markets in some first- and second-tier cities. The soaring land prices may pose the risk of squeezing the profit margin of the real estate companies. At the same time, on the one hand, high housing prices resulting from high land prices will increase the marketing risks for future high-end real estate projects that will enter the market in droves. On the other hand, if the momentum of rising housing prices goes unabated, some cities may tighten their macroeconomic regulation and control policies, which may cause uncertainties in the short- and mid-term development of the real estate market and thus pose risks to the Company in its stable operation, land reservation and sales of real estate products.

To address the above risks, the Company will take a flexible approach towards market changes and improve and optimize the product structure through researching new types of real estate business such as elderly care and cultural creation, so as to reinforce its market competitiveness while speeding up the turnover of its projects.

3. Operation Risks

Facing market changes under new economy and situation, the Company will actively study the industry trend, explore the service economy arising from various demands and focus on the development of innovative business such as "Convention+Internet", health and elderly care industry and cultural creation industry. Although the aforesaid industries boast promising prospects under the active guidance and robust development of service economy by the government, the Company currently lacks operation experience in this regard and such innovative business carries certain risks.

In response to the aforesaid risks, the Company will actively develop new business model, learn from other companies of their successful experience, strengthen personnel training and try to achieve integrated development integrating driven by new economy, new business and new technologies, in an effort to foster new profit growth points and lay a solid strategic foundation.

VII. CORE COMPETITIVENESS ANALYSIS

With more than two decades of development, China's real estate industry has gradually become more rational and mature during the process of initiation, exploration, development and adjustment. In recent years, it witnessed rapid expansion, growing industry concentration, continuous innovation of business models and increasingly diversified means of financing.

As for the future development of China's real estate industry, under China's economic keynote of seeking improvement in stability, the golden fast-growing age of real estate market has come to an end, and it has entered the phase of long-term healthy and stable development at medium and high speed, and the differentiated development of cities has become a new normal. At the same time, under the background that the government adheres to classified guidance, policy implementation according to different situation and active destocking of housing, the real estate market has ushered in a loose policy period that gives rise to new development opportunities featuring the integration of various industries and capital sources driven by revolution and innovation.

Under such industrial background, the Company's comprehensive operating capacity in the real estate market and its brand influence represent its advantages and core competitiveness. After years of development, the Company has formed a complete industry chain covering real estate investment, development, and operation. The real estate development, as the source of revenue growth, and real estate operation, as the basis for stable income, are interdependent and mutually reinforcing, thus increasing the anti-risk capacity of the Company.

On the one hand, the Company has the ability to develop and operate complex real estate and brand advantage. Property types developed by it include luxury houses, apartments, villas, office buildings, commercial properties, affordable housing, etc. In addition, it also has strong professional competence and competitiveness in the development of large-scale and comprehensive real estate projects. Since 2007, it has been awarded the title of "Professional Leading Brand of China Complex Estate" by China's TOP10 real estate research group for nine consecutive years. Besides, in recent years, the Company sticks to the strategy of low-cost expansion and has taken various measures to advance regional expansion with balanced regional layout. As at the end of the reporting period, it has launched real estate development business in 9 cities, namely Beijing, Changsha, Wuhan, Hangzhou, Chengdu, Suzhou, Nanjing, Hefei and Langfang, representing the Company's foundations and professional capability for nationwide development.

On the other hand, as one of China's largest exhibition operators, the Company boasts the ability in high-end exhibition and hotel operation and services and enjoys high brand awareness and influence in the industry. The Company holds and operates more than 1.2 million square meters of investment properties (including hotels) in Asian-Olympic core district. With more than 20 years of experience in exhibition and hotel operation and the ability in internationalized professional operation services, it has successfully delivered reception services for an array of national, integrated and international conferences represented by Olympic Games, APEC summit and Beijing Fair, creating a globally renowned service brand of North Star. In addition, the Company has intensively pushed ahead with exhibition brand expansion in the past two years, making remarkable achievements in the promotion of its exhibition brand throughout the country. As at the end of 2015, it has established the North Star

Exhibition Group (北辰會展集團) under the "6+4+N" business model by integrating its industrial resources such as exhibitions, hotels, and information services, thereby setting up a solid platform and forming complete corporate structure for the development of its exhibition business and creating huge rooms for innovative development and full integration of its exhibition economy and new economy, new business and new technologies. As at the end of the reporting period, it has entered into trusteeship management and consulting service agreements on 15 exhibition or hotel projects including Zhuhai International Exhibition Center, Nanchang International Exhibition Center and Hotel, Beijing Yanxihu International Exhibition Center, Beijing Jingzhihu Resort Hotel, Ningxia International Hall, Hangzhou International Expo Center and Hotel, Lianyungang Xuwei District Exhibition Center and Hotel, Wuhan World Trade Center, Tibet Linzhi Hotel, and Sanya Financial Forum Convention Center and Hotel. It also successfully held the self-brand project of "Mobile Internet & Exhibition Industry Summit of 2015 Global Mobile Internet Convention" and co-organized "the 12th National Nutrition Science Conference", laying a solid foundation for the Company's vertical development of the whole exhibition industrial chain and horizontal expansion of branded exhibition center management.

In the future, the Company will center on three major strategies consisting of low cost expansion, brand expansion, and capital expansion to sustain the overall development path featuring "asset-light operation, support of new economy, low-cost expansion and development of high-end services", in a great effort to develop into a nationally leading complex real estate enterprise and China's most influential exhibition-brand enterprise.

Zeng Jin
General Manager

Beijing, the PRC, 30 March 2016

Report on Corporate Governance

We seek to achieve the highest standards in corporate governance, the cornerstone of which is to have an experienced and committed board, and to enhance transparency for shareholders. The Company has already adopted a well-accepted governance and disclosure practice, and will keep improving such practices, so as to nurture a corporate culture reaching high ethical standards.

Throughout the course of 2015, the Company complied with the requirements of the Corporate Governance Code of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules"). The following is an outline of the Corporate Governance Code adopted by the Company.

THE BOARD

Under the stewardship of the chairman, the Board is charged with the responsibility of approving and monitoring the overall strategic plans and policies of the Company, approving operation plans and investment proposals, evaluating performance of the Company and overseeing the work of the Company's management.

A total of nine directors serve on the Board, including the chairman, five executive directors and three independent non-executive directors.

In accordance with the requirements of the Listing Rules, independent non-executive directors must be vetted by the Board to have no direct or indirect material relationships with the Company before they are regarded as independent. The Company has received written confirmation from each independent non-executive directors of his independence and considered all independent non-executive directors are independent to the Company. There is no financial, business, family or other material/related relationship existing among the directors.

In 2015, in order to ensure the directors being fully informed and accommodate to the needs for their contribution to the Board, all the directors of the Company actively participated in continuing professional development and participated the themed training relevant to corporate governance organized by the domestic regulatory authorities, and timely studied the laws, regulations and documents issued by regulatory authorities.

The terms of the independent non-executive directors of the Company have not exceeded the length limitation under the domestic and foreign regulations.

The Board should meet regularly and Board meetings should be held at least 4 times a year. The Board had met 48 times in total during 2015.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the executive directors, senior management and certain specific responsibilities to the Board committees.

The attendance of each of the directors is set out below:

Directors	No. of meeting attended in person/ No. of meetings held	No. of meeting attended by proxy *(Note)*/ No. of meetings held
Executive directors		
Mr. HE Jiang-Chuan	48/48	0/48
Mr. LI Chang-Li	36/48	12/48
Ms. ZHAO Hui-Zhi	35/48	13/48
Mr. ZENG Jin	48/48	0/48
Mr. LIU Jian-Ping	37/48	11/48
Mr. LIU Huan-Bo	48/48	0/48
Independent non-executive directors		
Mr. FU Yiu-Man (appointed on 28 May 2015)	28/31	3/31
Mr. GUO Li (appointed on 28 May 2015)	31/31	0/31
Mr. WU Ge (appointed on 28 May 2015)	29/31	2/31
Mr. LONG Tao (retired on 28 May 2015)	17/17	0/17
Mr. GAN Pei-Zhong (retired on 28 May 2015)	17/17	0/17
Mr. WONG Yik Chung (retired on 28 May 2015)	17/17	0/17

Note: Pursuant to Article 149 of the Articles of Association of the Company, a director can delegate in writing another director to attend Board meetings on his or her behalf if that director cannot attend the meetings for any reason.

Subsequent to the appointments, all directors must offer themselves for election in the annual general meeting in order to be able to continue to serve their terms, and should retire once every three years. In the event of vacancy in the Board, recommended candidates should be referred to shareholders' general meeting for approval, with a view to appointing people possessing leadership abilities, in order to maintain and enhance the Company's competitiveness.

In January 2005, the Board adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the disciplinary rules governing securities dealings by the relevant directors of the Company. During the year of 2015, none of the directors and supervisors of the Company had dealt in securities of the Company.

THE CHAIRMAN AND GENERAL MANAGER

Ms. ZHAO Hui-Zhi resigned from the position of the general manager of the Company on 3 March 2015, at the same time, Mr. ZENG Jin was appointed as the general manager.

The positions of chairman of the Board and the general manager are held respectively by Mr. HE Jiang-Chuan and Mr. ZENG Jin. These positions have been clearly defined with separate responsibilities.

The chairman is responsible for leading and supervising the operations of the Board, effectively planning the Board meetings, ensuring the Board is acting in the best interests of the Company. The chairman shall proactively encourage directors to fully participate in the business of the Board and to make contributions to the functioning of the Board. To this end, the Board meets at regular intervals while the chairman must meet at least once annually with the independent non-executive directors without the presence of the executive directors. Under the stewardship of the chairman, the Board of the Company has adopted well accepted practices and procedures in corporate governance, and has undertaken appropriate measures to maintain effective channels of communication with the shareholders.

The general manager is responsible for the administration of the company business, as well as the formulation and implementation of company policies, and answerable to the Board in relation to the Company's overall operation. The general manager of the Company works in close collaboration with the other executive directors and the administrative and managerial team of each core business department of the Company, ensuring the Board is made fully aware of the funding needs of the business operation of the Company. Assisted by the financial controller of the Company, the Company's general manager ensures the funding needs of the business operation of the Company are sufficiently met and at the same time closely monitors the operation and financial performance of the Company according to the business plans and budget of the Company, and takes remedial measures as the circumstance requires, and offers opinions to the Board on substantive development and matters. The general manager of the Company is required to keep in close liaison with the chairman and all directors, ensuring that the latter are well briefed on all substantive business development and matters of the Company, and taking a leading role in building and maintaining a highly efficient administrative support team to help him or her to discharge the assigned duties in this position.

ACCOUNTABILITY OF DIRECTORS ON COMPANY'S FINANCIAL STATEMENTS

Directors are charged with the responsibility to compile the Company's financial statements in each financial year with supports from the accounting department, and to ensure that the relevant accounting policies are applied consistently and the accounting standards issued by the Hong Kong Institute of Certified Public Accountants are complied with in the preparation of such financial statements and to report the state of affairs of the Company in a true and fair view manner.

The statement issued by the auditor on its reporting responsibilities is set out in the Independent Auditor's Report on pages 60 to 61 of this annual report.

FUNCTIONS OF CORPORATE GOVERNANCE

The Board of the Company adopted terms of reference of directors with the duties of corporate governance, the terms of reference include formulating and reviewing on the policy and practice of corporate governance of the Company, and submitting recommendation thereof to the Board. In addition, the review and supervision on the training and continuing professional development of the directors and senior management as well as the policy and practice of the Company in the compliance of laws and regulations are also included in the terms of reference. Besides, the formulation, review and supervision on the code of conduct and compliance manual of the employees and directors, as well as the review on the compliance on the Corporate Governance Code and the disclosure in the Report on Corporate Governance of the Company are also set out in the terms of reference.

In the year of 2015, the Board has fulfilled the aforesaid functions of corporate governance.

AUDIT COMMITTEE

The audit committee of the Company is made up of three independent non-executive directors with the necessary commercial skills and experience to understand financial statements. This committee is currently chaired by Mr. WU Ge and the other members are Mr. FU Yiu-Man and Mr. GUO Li.

The terms of reference of the audit committee of the Board of the Company is to recommend appointment or replacement of independent external auditors, oversee internal auditing systems of and implementation by the Company, verify the Company's financial information and its disclosure, examine the risk management and internal control system of the Company, and to take charge and act as a conduit between internal and external auditing functions.

In accordance with the stipulations in the "Rules of Procedures of Meetings of the Audit Committee of the Board of Directors" of the Company, the audit committee of the Board of the Company performed their duties of due diligence. During the reporting period, the audit committee held three meetings, at which, they mainly considered the audit opinion of the external auditors on the financial report and internal control for the year of 2014 of the Company, and the review results of the external auditors on the interim report for the year of 2015 of the Company. In addition, the audit committee of the Company gave full play to their functions as a professional committee and proactively promoted the establishment of the internal control system of the Company. In addition, the committee guided the internal audit work of the Company in real earnest and coordinated the communication and cooperation between the Company and the external auditors, so as to improve the relevant work efficiency.

The attendance of each of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. FU Yiu-Man (appointed on 28 May 2015)	1/1
Mr. GUO Li (appointed on 28 May 2015)	1/1
Mr. WU Ge (appointed on 28 May 2015)	1/1
Mr. LONG Tao (retired on 28 May 2015)	2/2
Mr. GAN Pei-Zhong (retired on 28 May 2015)	2/2
Mr. WONG Yik Chung (retired on 28 May 2015)	2/2

REMUNERATION AND EVALUATION COMMITTEE

The remuneration and evaluation committee of the Board of the Company comprises three independent non-executive directors. This committee is chaired by Mr. WU Ge, with the other two members being Mr. FU Yiu-Man and Mr. GUO Li.

The terms of reference of the remuneration and evaluation committee of the Board of the Company are to study the assessment standards for directors and managerial staff, and to carry out the assessment and to make recommendations, to study the remuneration policy and schemes for directors and senior management personnel, to recommend to the Board on the remuneration of individual executive directors and senior management as well as the remuneration of non-executive directors.

In accordance to the stipulations in the "Rules of Procedures of Meetings of the Remuneration and Evaluation Committee of the Board of Directors" of the Company, the remuneration and evaluation committee diligently performed their duties in due assiduity. During the reporting period, the remuneration and evaluation committee of the Board of the Company held one meeting to consider policies regarding the staff welfare management of the Company and recommend the Company to further optimize relevant work taking into account of the actual circumstance of the Company.

For the year ended 31 December 2015, the remuneration of the members of the senior management by band is set out below:

Remuneration band *(RMB)*	**Number of persons**
Less than 1,000,000	9

Note: The members of the senior management disclosed above refer to the employees other than directors and supervisors.

Further particulars regarding the directors, supervisors and senior management's emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in notes 27, 35 and 37 to the financial statements.

The attendance of each of the members is set out below:

Members	**No. of meetings attended/ No. of meetings held**
Mr. WU Ge (appointed on 28 May 2015)	0/0
Mr. FU Yiu-Man (appointed on 28 May 2015)	0/0
Mr. GUO Li (appointed on 28 May 2015)	0/0
Mr. LONG Tao (retired on 28 May 2015)	1/1
Mr. GAN Pei-Zhong (retired on 28 May 2015)	1/1
Mr. WONG Yik Chung (retired on 28 May 2015)	1/1

NOMINATION COMMITTEE

The nomination committee of the Board of the Company comprises three independent non-executive directors and two executive directors. This committee is chaired by Mr. HE Jiang-Chuan, with the other four members being Mr. ZENG Jin, Mr. FU Yiu-Man, Mr. GUO Li and Mr. WU Ge.

The nomination committee of the Board of the Company is responsible for the nomination of the directors and managerial staff of the Company. It is also responsible for the review of the structure, number of members and composition of the Board, as well as the evaluation on the independence of the independent non-executive directors.

The Company is of the view that the diversity of the Board is one of the essential factors in sustaining the competitive edge of the Company and facilitating the sustainable development of the Company. When considering the composition of the Board, various aspects would be considered for the diversity of the Board, including but not limited to gender, age, cultural and ethnic background, education, professional qualifications, skills, knowledge and expertise, etc.

The nomination committee of the Board of the Company is responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge, which include the in-depth understanding in the real estate industry, the operational and management in property development, hotel and convention and exhibition, and the professional qualifications in the fields of law and accounting. Each directors has years of experience in his respective professional fields. Whatever backgrounds or experiences the directors have, they all take it as their common goal to promote the industry in order to bring sustainable growth for the Company.

Directors of the Company shall be elected at the shareholers' general meeting for a term of three years. Upon expiry of the term, a director shall be eligible for re-election.

All executive directors of the Company were re-elected at the annual general meeting for the year of 2014 and three original independent non-executive directors retired, while another 3 candidates for election as directors were elected as independent non-executive directors of the new session of the Board at the annual general meeting for the year of 2014. The term of office for directors of this term shall expire on the date of the annual general meeting for the year of 2017.

As the term of office of independent non-executive director shall not exceed six years pursuant to the requirements of China Securities Regulatory Committee, Mr. LONG Tao, Mr. GAN Pei-Zhong and Mr. WONG Yik Chung did not seek for re-election in 2015. The Board had nominated Mr. FU Yiu-Man, Mr. GUO Li and Mr. WU Ge as candidates for election as the new independent non-executive directors of the new session to fill the vacancies.

In accordance to the stipulations in the Rules of Procedures of Meetings of the Nomination Committee of the Company, during the reporting period, the nomination committee of the Board of the Company held one meeting, at which, they nominated qualified candidate for the general manager and submitted to the Board of the Company for approval in view of the resignation of the former general manager of the Company, thus ensuring the integrity and compliance of the corporate governance structure. In addition, the nomination committee of the Board examined the structure, number of members and composition of the Board of the Company, and evaluated and examined the independence of the independent non-executive directors of the Company. Therefore, they were of the view that the structure and composition of the Board of the Company was in compliance with the requirements of the corporate governance and there was no impact on the independence of the independent non-executive directors.

The attendance of each of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. HE Jiang-Chuan	1/1
Mr. ZENG Jin (appointed on 28 May 2015)	0/0
Mr. FU Yiu-Man (appointed on 28 May 2015)	0/0
Mr. WU Ge (appointed on 28 May 2015)	0/0
Mr. GUO Li (appointed on 28 May 2015)	0/0
Mr. LI Chang-Li (retired on 28 May 2015)	1/1
Mr. LONG Tao (retired on 28 May 2015)	1/1
Mr. GAN Pei-Zhong (retired on 28 May 2015)	1/1
Mr. WONG Yik Chung (retired on 28 May 2015)	1/1

STRATEGIC COMMITTEE

The strategy committee of the Board of the Company comprises 3 independent non-executive directors and 2 executive directors. This committee is chaired by Mr. HE Jiang-Chuan, and the other four members are Mr. ZENG Jin, Mr. FU Yiu-Man, Mr. GUO Li and Mr. WU Ge.

The principal duties of the strategic committee of the Board of the Company are to carry out research and make recommendations on the Company's long-term development strategies and major investment decisions.

In accordance with the stipulations in the Rules of Procedures of Meetings of the Strategic Committee of the Company, during the reporting period, the strategic committee of the Board of the Company held two meetings, at which, the members of the strategic committee earnestly performed their duties in due diligence. On the basis of analysis of the external environment faced by the Company and research of development path of model enterprises in the industry, and taking into account of the actual operation and management of the Company, they discussed the financing plan and development strategy of principal business of the Company as well as relevant proposals, fully tapping into the potential of a professional committee.

The attendance of each of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. HE Jiang-Chuan	2/2
Mr. ZENG Jin (appointed on 28 May 2015)	1/1
Mr. FU Yiu-Man (appointed on 28 May 2015)	1/1
Mr. GUO Li (appointed on 28 May 2015)	1/1
Mr. WU Ge (appointed on 28 May 2015)	1/1
Ms. ZHAO Hui-Zhi (retired on 28 May 2015)	1/1
Mr. LONG Tao (retired on 28 May 2015)	1/1
Mr. GAN Pei-Zhong (retired on 28 May 2015)	1/1
Mr. WONG Yik Chung (retired on 28 May 2015)	1/1

SUPERVISORY COMMITTEE

The supervisory committee of the Company comprises five supervisors, with three supervisors representing the shareholders and two supervisors representing the staff and workers.

Mr. LIU Yao-Zhong resigned from the position of supervisor representing the staff and workers on 22 March 2016. At the same time, Mr. YAN Jing-Hui was appointed as the supervisor representing the staff and workers.

The supervisory committee is chaired by Mr. ZHAO Chong-Jie and the other four members are Mr. LI Guo-Rui, Ms. SONG Yi-Ning, Mr. YAN Jing-Hui and Mr. ZHANG Wei-Yan.

During 2015, the supervisory committee of the Company exercised its monitoring authority according to the law and protected the legal interests of the shareholders, the Company and the staff. For details of the supervisory committee's works, please refer to Report of the Supervisory Committee in this annual report.

The supervisory committee held 5 meetings in 2015.

The attendance of each of the supervisors is set out below:

Supervisors	No. of meetings attended/ No. of meetings held
Mr. ZHAO Chong-Jie	1/5
Mr. LI Guo-Rui	5/5
Ms. SONG Yi-Ning	5/5
Mr. LIU Yao-Zhong (resigned on 22 March 2016)	5/5
Mr. ZHANG Wei-Yan	5/5

In accordance with the provisions of the Company's Articles of Association, the term of office for the supervisors shall be three years and they shall be eligible for re-election.

COMPANY SECRETARY

The company secretary is appointed by the Board of the Company. The company secretaries of the Company are Mr. GUO Chuan, senior management of the Company and company secretary on the PRC activities, and Mr. LEE Ka-Sze, Carmelo, external service provider and company secretary on Hong Kong activities. Mr. GUO and Mr. LEE were appointed as company secretaries of the Company in 2004 and 1997 respectively. The company secretary is responsible to provide opinions on corporate governance to the Board and to ensure satisfactory exchange of information between members of the Board and compliance with the policies and procedures of the Board as well as the arrangement of training and professional development to the directors of the Company. The internal major contact person of the Company is Mr. GUO Chuan, company secretary of the PRC activities.

They have received relevant professional training, which fulfilled the requirements of Rule 3.29 of the Listing Rules.

APPOINTMENT AND REMUNERATION OF EXTERNAL AUDITOR

The external auditor currently appointed by the Company is PricewaterhouseCoopers. The work which the external auditor is engaged to perform must produce measurable benefits and added-values to the Company and should not cause adverse effects on the independence or independent standing of its audit function. The fees paid to the Company's auditor, PricewaterhouseCoopers, for the year was RMB7,400,000, all of which were related to auditing services.

INTERNAL MONITORING CONTROL

The Company has established an audit department. The department reports to the Board of the Company, and is responsible for performing auditing duties including organising and implementing regular audits, specific audits and economic liability audits for the Company and its subsidiaries, with the approval by the Board of the Company.

The Board has the ultimate responsibility in overseeing the operation of all business units under the Company's management. The Board shall appoint suitably qualified personnel to serve on the Board of all subsidiaries and associates operating in key business areas, attending their board meetings to oversee the operation of such companies. The management in each business area is accountable for the operation and performance of the business under its area of responsibility.

The financial controller of the Company is required to prepare guidelines and procedures for the approval and control of expenditure. All business expenditure must be monitored and controlled according to overall corporate budget, and internally controlled by business centres against the approval level appropriate to the level of responsibilities of the relevant executives. Capital expenditure must be subject to comprehensive monitoring and control in accordance with the annual budget preparation and allocation approval procedures, major items of capital expenditure within allocation approval limits as well as expenditure not included in annual budget preparation must be subject to further detailed monitoring and allocation approval by the financial controller or other executive directors of the Company before the projects can be initiated.

In 2015, pursuant to the requirements in the Basic Standard for Enterprise Internal Control (《企業內部控制基本規範》) in Mainland China and the supporting guidelines and the stipulations in other internal control supervisions, the Company conducted self-assessment on the effectiveness of the internal control of the Company and issued the Internal Control Evaluation Report. Through implement of timely update and improvement of internal control system, self-assessment of the management, independent assessment of the audit department, immediate improvement on internal control issues and other internal control work, the Company effectively guarantee the reasonableness of design and effectiveness of operation of the internal control system of the Company. Meanwhile, PricewaterhouseCoopers Zhong Tian LLP carried forward audit on the effectiveness of the internal control in relation to the financial report of the Company and issued the Audit Report on Internal Control with unqualified opinions.

Besides, the Board has conducted review of the effectiveness of the internal control system of the Company and its subsidiaries for 2015 and considered the adequacy of resources, qualifications and experience of staff in respect of the Company's accounting and financial reporting function, and their training programs and budget in accordance with code provisions C.2.1 and C.2.2 of the Corporate Governance Code of the Listing Rules.

INVESTOR RELATIONS AND SHAREHOLDER'S INTEREST

The Board of the Company has formulated a policy of shareholder communication to ensure on-going communication between the Company and shareholders as well as investors.

After publication of the Company's interim and annual financial results, the Company has proactively arranged briefing sessions for people from the investment industry at regular intervals, using the opportunity to promote investor relations and two-way communication. Through the investor relations manager, the Company responds to information requests and inquiries by people from the investment industry.

The Company encourages shareholders to participate in general meetings, in which the chairman of the Board of the Company and the chairman of all the professional committees will be on hand to answer questions raised by shareholders on the business operations of the Company. In the general meeting, the Company will explain the detailed procedures on poll to the shareholders and answer the questions of shareholders thereon. The website of the Company also publishes periodically updated financial and other information of the Company, which the shareholders can browse and look through at any time.

GENERAL MEETINGS

In 2015, the Company held 6 general meetings, including the 2014 annual general meeting, the first extraordinary general meeting for 2015, the second extraordinary general meeting for 2015, the first A Shareholders Class Meeting for 2015, the first H Shareholders Class Meeting for 2015 and the third extraordinary general meeting for 2015.

Attendance of the directors at the general meetings is set out below:

Directors	Annual general meeting	Extraordinary general meeting/ H Shareholders Class Meeting	Attendance rate
Executive directors			
Mr. HE Jiang-Chuan	1/1	2/5	50%
Mr. LI Chang-Li	0/1	4/5	67%
Ms. ZHAO Hui-Zhi	0/1	4/5	67%
Mr. ZENG Jin	1/1	5/5	100%
Mr. LIU Jian-Ping	0/1	4/5	67%
Mr. LIU Huan-Bo	1/1	5/5	100%
Independent non-executive directors			
Mr. FU Yiu-Man (appointed on 28 May 2015)	0/0	1/4	25%
Mr. GUO Li (appointed on 28 May 2015)	0/0	1/4	25%
Mr. WU Ge (appointed on 28 May 2015)	0/0	1/4	25%
Mr. LONG Tao (retired on 28 May 2015)	1/1	1/1	100%
Mr. GAN Pei-Zhong (retired on 28 May 2015)	0/1	0/1	0%
Mr. WONG Yik Chung (retired on 28 May 2015)	1/1	1/1	100%

CONSTITUTION

The Company has considered and approved the amendments to the Articles of the Association at the 2014 annual general meeting which were made on the relevant terms of appropriation of profit in the Articles of the Association according to the Company's operational needs, development and sale practices of real estate industry, relevant requirement of domestic company law, "Guideline No. 3 for the Supervision and Administration of Listed Companies – Cash Dividend for Listed Companies" issued by China Securities Regulatory Committee and based on the actual situation of the Company.

RIGHTS OF SHAREHOLDERS

CONVENING OF AN EXTRAORDINARY GENERAL MEETING OR A CLASS MEETING OF SHAREHOLDERS BY SHAREHOLDERS' REQUISITION

Pursuant to Article 97 of the Articles of Association of the Company, shareholders holding more than 10% of the shares of the Company individually or in aggregate shall propose the convening of an extraordinary general meeting or a class shareholders' meeting in accordance with the procedures stipulated in Article 97 of the Articles of Association. Shareholders can submit written requisition to the Board to convene an extraordinary general meeting or a class shareholders' meeting. The written requisition shall state the objects of the meeting and shall be signed by the shareholders and submitted to the secretariat of the Board of the Company.

Article 97 of the Articles of Association is set out in the Articles of Association of the Company.

PUTTING FORWARD PROPOSALS TO THE GENERAL MEETINGS

According to Article 71 of the Articles of Association of the Company, shareholders solely or collectively holding more than 3% of the shares of the Company may submit in writing interim proposals to the convener ten (10) days before the date of the convening of the shareholders' general meeting.

The convener shall, within two (2) days upon receipt of such proposals, review the proposals and serve a supplementary notice of the shareholders' general meeting to announce the content of the interim proposals.

Except for the circumstances prescribed in the preceding provision, the convener may not change the proposal listed in the notice of the shareholders' general meeting or add new proposal after the notice of the shareholders' meeting has been served.

The proposals that have not been listed in the notice of the shareholders' general meeting or that are not in compliance with Article 71 of the Articles of Association shall not be voted and resolved on at the shareholders' general meeting.

Procedures in relation to the nomination of directors by shareholders have been published on the website of the Company.

PROCEDURES FOR DIRECTING PROPOSALS, ENQUIRIES OF SHAREHOLDERS TO THE BOARD

Shareholders can at any time send their proposals, enquiries and concerns to the Board in writing through the secretariat of the Board of the Company. The contact details of the secretariat of the Board are set out in Corporate Information on page 162 of this annual report.

The secretariat of the Board shall forward the proposals, enquiries and concerns of the shareholders to the Board and/or relevant committees under the Board, as appropriate, to answer the questions of the shareholders.

In 2016, the Company will continue to dedicate itself to improving the standards of its corporate governance according to changing regulatory requirements, the Company's latest development and feedbacks from shareholders, so as to ensure stable and healthy growth of the Company while enhancing shareholders' value.

By Order of the Board
GUO Chuan
Company Secretary

Beijing, the PRC, 30 March 2016

Profile of Directors, Supervisors and Senior Management

CHAIRMAN

Mr. HE Jiang-Chuan, aged 52, is the chairman of the Board of the Company and a representative of the fourteenth Beijing People's Congress. Mr. HE graduated from the Tianjin University and Capital University of Economics and Business with a bachelor's degree in engineering and a master's degree in economics and is qualified as a senior economist. Mr. HE was the deputy director of the Beijing Municipal Housing Reform Office and the chief of the Beijing Municipal Housing Fund Management Centre. Mr. HE joined BNSIGC in November 1994 as the deputy general manager. Mr. HE became an executive director, deputy general manager and company secretary of the Company in 1997. He has been the general manager of the Company since February 2004. He was appointed as chairman of the Company in April 2007 and was re-elected as the executive director and chairman of the Company in May 2015. Mr. HE has 28 years of experience in housing reform, real estate finance and property development and management. Mr. HE was awarded the gold prize of the 4th Beijing Outstanding Young Entrepreneurs (北京市第四屆優秀青年企業家) and one of the "Top Ten Most Influential Entrepreneurs"(最具影響力十大企業家) in the Sixth Beijing Influence Selection (第六屆北京影響力評選活動).

EXECUTIVE DIRECTORS

Mr. LI Chang-Li, aged 52, is an executive director of the Company. Mr. LI graduated from Guanghua School of Management, Peking University with a master's degree in business administration and a senior economist. Mr. LI served as manager at the International Trade Department of Beijing General Corporation of Business Materials Trade Group (北京建築材料經貿總公司), deputy general manager and general manager of Beijing General Corporation of Building Materials Trade Group (北京建築材料經貿集團總公司), deputy general manager, general manager and director of BBMG Group Company Limited (北京金隅集團有限責任公司), executive director and deputy chairman of BBMG Corporation (北京金隅股份有限公司). Mr. LI joined the Company in 2011. Mr. LI has been the executive director and vice chairman of the Company since 2012 and was re-elected as the executive director of the Company in May 2015. Mr. LI has accumulated more than 25 years of experience in building materials, investment property operation management and real estate development industries in the PRC.

Ms. ZHAO Hui-Zhi, aged 62, is an executive director of the Company. Ms. ZHAO graduated from the Beijing Administration College and has received postgraduate education. Ms. ZHAO joined BNSIGC in March 1989 and became the executive director and deputy general manager of the Company in 1997. She then became general manager of the Company during the period from June 2000 to February 2004. From February 2004 to April 2007, she was the executive director and chairman of the Company. From April 2007 to March 2015, she became the general manager of the Company and was re-elected as the executive director of the Company in May 2015. Ms. ZHAO has 25 years of extensive experience in property management such as hotels, convention centres, apartments and office buildings.

Mr. ZENG Jin, aged 46, is an executive director and the general manager of the Company. Mr. ZENG graduated from Renmin University of China with a doctor's degree in management. Mr. ZENG joined BNSIGC in August 1992. He served as the deputy department head of the Property Development Department in the Company, the deputy general manager of Beijing North Star Real Estate Development Co., Limited, the deputy general manager and general manager of Beijing North Star Property. Mr. ZENG was appointed as the deputy general manager of the Company in 2009. Mr. ZENG has become an executive director of the Company since 2012, the general manager of the Company in March 2015 and was re-elected as the executive director of the Company in May 2015. Mr. ZENG has extensive experience in real estate development and management.

Mr. LIU Jian-Ping, aged 61, is an executive director of the Company. Mr. LIU graduated from the Beijing Administration College and has received postgraduate education. He joined BNSIGC in 1988 and served as the general manager of Beijing Continental Grand Hotel. In 1997, he was appointed as an executive director of the Company and re-elected as the executive director of the Company in May 2015 and has become the deputy general manager of the Company from March 2012 to March 2015. Mr. LIU has extensive experience in the hotel and investment property operation and management.

Mr. LIU Huan-Bo, aged 58, is an executive director and deputy general manager of the Company. Mr. LIU is a postgraduate of the Party School of Central Committee. Mr. LIU had worked in the Xinqiao Hotel (新僑飯店) and Shigatse Hotel, Tibet (西藏日喀則飯店). Mr. LIU joined BNSIGC since 1989 and had held positions as the general manager of Hui Yuan Apartment, Beijing Recreation Centre Co., Ltd. (北京康樂宮有限公司) and Beijing International Convention Centre. Mr. LIU has been appointed as the deputy general manager of the Company in 2002 and was elected as an executive director of the Company in 2014 and was re-elected as the executive director of the Company in May 2015. Mr. LIU has extensive experience in hotels, convention centres and investment property management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FU Yiu-Man, aged 60, is an independent non-executive director of the Company. He is a member of the audit committee, remuneration and evaluation committee, nomination committee and strategic committee of the Company. He obtained a bachelor's degree from Wharton Business School of the University of Pennsylvania in the U.S.. He has served in various senior positions in BNP Paribas, Peregrine, Baring Securities, UBS, Citigroup Inc., CCB International and CCB International (China), etc. He served as the vice-president of GCL-Poly Group (協鑫集團) since November 2013 and the vice-president of GCL Oil and Gas Company (協鑫石油天然氣公司) in March 2014. He was responsible for the overseas finance and M&A business for the oil and gas projects of the company. Mr. FU has more than 35 years of experience in investment banking business. Mr. FU was elected as the independent non-executive director of the Company in May 2015.

Mr. GUO Li, aged 40, is an independent non-executive director of the Company. He is a member of the audit committee, remuneration and evaluation committee, nomination committee and strategic committee of the Company. He is a graduate of Peking University and Harvard University. Having earned a doctoral degree in both legal studies and economics, he is currently a professor, a tutor for doctoral degree students and the vice dean of Peking University Law School, an arbitrator of South China International Economic and Trade Arbitration Commission and a member of the Self-disciplinary Regulatory Commission of Asset Management Association of China. Mr. GUO served as an independent director of China Railway Tielong Container Logistics Co., Ltd. (中鐵鐵龍集裝箱物流股份有限公司) (Shanghai Stock Exchange stock code: 600125) from 2008 to 2014. Mr. GUO possesses tremendous experience in economic law, civil and commercial law and financial law and was involved in formulating amendments to various laws such as Companies Law, Law on Securities and Law on Funds for Investment in Securities. Mr. GUO Li was elected as the independent non-executive director of the Company in May 2015.

Mr. WU Ge, aged 48, is an independent non-executive director of the Company. He is the chairman of the audit committee and remuneration and evaluation committee, and a member of the nomination committee and strategic committee of the Company. He obtained a bachelor's degree in science, master's degree in accounting and doctoral degree in economics from Nanjing Normal University (南京師範大學), Nankai University (南開大學) and University of International Business and Economics (對外經貿大學). He is currently a professor of the Accounting Department of the International Business School of University of International Business and Economics, and an instructor of doctorate students. He was a council member of the fourth session of the Financial Accounting Society of China (中國金融會計學會), council member of the sixth and seventh sessions of the Finance and Cost Sub-society of the Accounting Society of China (中國會計學會財務成本分會). Mr. WU has rich experience in areas such as financial management, corporate practical accounting, cost management and international accounting. Mr. WU Ge was elected as the independent non-executive director of the Company in May 2015.

CHAIRMAN OF SUPERVISORY COMMITTEE

Mr. ZHAO Chong-Jie, aged 60, is the chairman of the supervisory committee of the Company. Mr. ZHAO is a senior economist graduated from Beijing College of Finance with a master's degree. Mr. ZHAO served as the deputy head of the Division of Agricultural Product Price, head of General Office, and deputy general director of Beijing Price Bureau, and bureau director-level chairman of the Beijing Municipal State-owned Enterprises Supervisory Board (北京市國有企業監事會正局級監事會主席). Mr. ZHAO serves as the supervisor representing shareholders and the chairman of the supervisory committee of the Company since 2014 and was re-elected as the supervisor of the Company in May 2015. Mr. ZHAO has long been engaged in economic management, commodity price control and enterprise supervision and has extensive hands-on experience in economic theories, commodity price control and corporate supervisory committee.

SUPERVISORS

Mr. LI Guo-Rui, aged 60, is a supervisor representing shareholders of the Company. Mr. LI graduated with a postgraduate diploma from the Party School of the CPC Central Committee. He is a senior political official. Mr. LI was a member and deputy director of the office of the Work Committee for the Industry of Beijing Municipal Commission for Discipline Inspection (北京市紀委工業紀工委), deputy head of the Supervision Division of the Economic Commission and the deputy secretary of the Discipline Inspection Commission of Beijing Municipal SASAC. Mr. LI joined the Company in 2011 and takes charge of the discipline inspection and supervision. Mr. LI has become the supervisor representing shareholders of the Company since 2012 and was re-elected as the supervisor of the Company in May 2015. Mr. LI has more than 20 years of experience in discipline inspection and supervision.

Ms. SONG Yi-Ning, aged 52, is a supervisor representing shareholders of the Company. Ms. SONG graduated from Wuhan University of Technology with a master's degree. Ms. SONG served as a senior staff member and principal staff member of the Division of Statistics and Division of Wage of Beijing Labor and Social Security Bureau, a principal staff member of the State-owned Assets Supervision and Administration Commission of Beijing People's Government, and a deputy-division-head-level full-time supervisor of Beijing Municipal State-owned Enterprises Supervisory Board. Mr. SONG serves as a supervisor representing shareholders of the Company since 2014 and was re-elected as a supervisor of the Company in May 2015. Ms. SONG has long been engaged in administrative management and enterprise supervision and has extensive hands-on experience in enterprise supervision and inspection.

Mr. YAN Jing-Hui, aged 55, is a supervisor representing staff and workers of the Company. Mr. YAN graduated from Beijing Municipal Communist Party School and has a post-graduate degree. Mr. YAN joined BNSIGC in 1990. He served as a party branch secretary and general manager of Beijing Theatre, the president and vice chairman of Beijing Chen'ao Coffee & Food Co., Ltd. (北京辰奧咖啡有限公司) and a vice general manager of North Star Asian Games Villiage Auto Trade Market Center (北辰亞運村汽車交易市場中心). He is currently serving as vice chairman of the trade union of the Company. Mr. YAN was appointed as a supervisor representing the staff and workers of the Company on 22 March 2016. Mr. YAN has ample working experience in administration management and trade union work.

Profile of Directors, Supervisors and Senior Management (Continued)

Mr. ZHANG Wei-Yan, aged 56, is a supervisor representing staff and workers of the Company. Mr. ZHANG graduated with an undergraduate diploma from the Party School of CPC Beijing Municipal Committee. He is a senior accountant. Mr. ZHANG joined BNSIGC in 1990 and currently serves as the head of the audit department of the Company. Mr. ZHANG has become a supervisor representing staff and workers of the Company since 2012 and was re-elected in March 2015. Mr. ZHANG has extensive experience in corporate financial management and corporate audit.

DEPUTY GENERAL MANAGER

Mr. DU Jing-Ming, aged 51, is the deputy general manager of the Company. He graduated from Beijing Normal University with a doctor's degree in law. Mr. DU served as the deputy director of the General Office of the Beijing Municipal Government and deputy director of the Information Network Office of the Beijing Municipal Government. He joined BNSIGC in 2004. He was the deputy general manager of BNSIGC. Mr. DU has become the deputy general manager of the Company since 2012. Mr. DU has extensive experience in corporate administration and management, enterprise culture and publicity work.

Ms. LI Yun, aged 48, is the deputy general manager of the Company. Ms. LI graduated from the Beijing Institute of Technology with the degree of Master of Business Administration. She is a senior economist and a senior political scientist. Ms. LI joined BNSIGC in 1990 and successively served as the sales manager of the public relations department of BNSIGC Hui Yuan Apartment, deputy general manager and general manager of Hui Bin Offices of Beijing North Star Company Limited and deputy general manager and general manager of Beijing International Convention Centre of Beijing North Star Company Limited. Ms. LI has become the deputy general manager of the Company since 2015. Ms. LI has profound experience in the operation and management of hotels, convention centre and investment property.

Ms. ZHANG Wen-Lei, aged 48, is the deputy general manager of the Company. Ms. ZHANG graduated from the School of Economics and Management of Northern Jiaotong University and has received postgraduate education and is a senior economist as well as a senior accountant. Ms. ZHANG served as the chief economist of the Fourth Office of China Railway 18th Engineering Bureau (中鐵第十八工程局四處) and the deputy-chief economist of China Railway 18th Engineering Bureau. She joined BNSIGC in 2001. She was the chief economist and the chief legal advisor of BNSIGC. Ms. ZHANG has become the deputy general manager of the Company since 2012. Ms. ZHANG has extensive experience in construction engineering, tendering, works pricing and works supervision.

Mr. LU Jian, aged 56, is the deputy general manager of the Company. Mr. LU graduated from Qinghua University with a bachelor's degree and is a senior engineer. Mr. LU served as the deputy general manager of the Fifth Construction Company of Beijing Construction Engineering Group (北京建工集團第五建築公司) and the deputy chief enginer of Beijing Construction Engineering Group. He joined BNSIGC in 2001 and served as the assistant of general manager and the chief engineer. Mr. LU has become the deputy general manager of the Company since 2012. Mr. LU has extensive experience in construction infrastructure, construction management and works safety and management.

Mr. LIU Tie-Lin, aged 53, is the deputy general manager of the Company. Mr. LIU is a postgraduate of the Tsinghua University. Mr. LIU joined BNSIGC since 1990 and served as the general manager of North Star Shopping Centre. Mr. LIU was appointed as the deputy general manager of the Company in 2002. Mr. LIU has extensive experience in shopping centre, supermarket and other commercial property operation management.

Mr. CHEN Deqi, aged 52, is the deputy general manager of the Company. Mr. CHEN graduated from University of Chinese Academy of Sciences with a master's degree in science. He is a senior economist. Mr. CHEN joined BNSIGC since 1993 and successively served as the deputy head of the Development Department of BNSIGC, deputy general manager and manager of Beijing North Star Real Estate Development Co., Limited and general manager of the branch company of Beijing North Star Property of Beijing North Star Company Limited. Mr. CHEN has become the deputy general manager of the Company since 2015. Mr. CHEN possesses profound experience in real property development and management.

FINANCIAL CONTROLLER

Ms. CUI Wei, aged 42, the financial controller of the Company. She graduated from Central University of Finance and Economics and obtained a master's degree in management. She is a senior accountant. Ms. CUI was a deputy chief accountant and chief accountant of Beijing No. 1 Municipal Co., Ltd. (北京市市政一有限責任公司) and the chief accountant of Beijing Municipal Construction Co., Ltd. Ms. CUI joined the Company in 2013 and became the financial controller of the Company. Ms. CUI has rich experiences in company financial management.

COMPANY SECRETARY

Mr. GUO Chuan, aged 47, is company secretary to the Board and the chief legal advisor of the Company. Mr. GUO graduated from Capital University of Economics and Business and University of International Business and Economics with an LLB degree in economic law and an EMBA degree and is a qualified lawyer. Mr. GUO joined BNSIGC in 1991, and was consecutively deputy director and director of the Secretariat of the Board of the Company. In February 2004, Mr. GUO was appointed as secretary to the Board of the Company and was appointed as the chief legal advisor of the Company in July 2008. Mr. GUO has extensive experience in corporate governance, legal affairs, corporate branding and strategic management.

Mr. LEE Ka Sze, Carmelo, aged 55, is company secretary of the Company and such office is served by him as a representative of external service provider. He is responsible for ensuring the Company has been in compliance with the regulations of Hong Kong. Mr. LEE graduated from the University of Hong Kong with a bachelor's degree in law. He is a practicing solicitor in Hong Kong and a partner of Woo Kwan Lee & Lo, the Company's legal adviser on Hong Kong laws. Mr. LEE was appointed as the company secretary of the Company in 1997.

Report of the Directors

The Board of the Company is pleased to present to the shareholders its report together with the audited financial reports of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in development properties, investment properties (including hotels) and commercial properties. The subsidiaries are mainly engaged in property development and property investment in Beijing and Changsha City of Hunan Province in the PRC.

BUSINESS REVIEW

1. Business performance, principal risk and uncertainties and future development

The Group's business performance, principal risk and uncertainties and future development for the year ended 31 December 2015 are discussed on page 8 to 27 of the annual report.

2. Significant subsequent events

As considered and approved at the 76th Meeting of the Sixth Session of the Board of Directors of the Company, the Company proposed to issue not more than 554,320,000 A Shares (inclusive of 554,320,000 A Shares) through Non-public Issuance, at a price of not less than RMB4.51 per A Share (namely not be less than 90% of the average trading price of A Shares over the 20 trading days preceding the date of the announcement in relation to the resolutions passed at the 76th Meeting of the Sixth Session of the Board of Directors of the Company, i.e. 17 April 2015). The total funds to be raised shall not exceed RMB2,500,000,000 (inclusive of RMB2,500,000,000). After deducting the issuance expenses, all of the funds will be used for the development and construction of North Star Xinhe Delta Zone E4 and E6 Projects and Hangzhou Xiaoshan North Star Aoyuan Project, and repayment of the bank loans. The target subscribers are at not more than ten target investors including Beijing North Star Industrial Group Limited Liabilities Company (the "BNS Group"), the controlling shareholder of the Company. The BNS Group committed to subscribe for 34.482% of the aggregate amount of the A shares to be issued in this Non-public Issuance. The final number of shares to be subscribed will be confirmed in the supplemental agreement entered into between the BNS Group and the Company upon the determination of the issue price. The 2014 profit distribution of A Shares of the Company has been implemented. The issue price of the Non-public Issuance shall be adjusted from not less than RMB4.51 per A share to not less than RMB4.45 per A Share. The number of Shares to be issued shall be adjusted from no more than 554,320,000 A Shares (inclusive of 554,320,000 A Shares) to no more than 561,790,000 A shares (inclusive of 561,790,000 A Shares). The funds to be raised remained unchanged at RMB2,500,000,000 (inclusive of RMB2,500,000,000) (for details, please refer to the announcement of the Company dated 24 July 2015). The Non-public Issuance of A Shares was approved by the Beijing Municipal SASAC and the general meeting of the Company. The Company received the "CHINA SECURITIES REGULATORY COMMITTEE NOTICE OF ACCEPTANCE OF APPLICATION FOR ADMINISTRATIVE APPROVAL" (No. [152413]) on 7 August 2015, pursuant to which China Securities Regulatory Committee accepted the application for administrative permit in relation to the Non-public Issuance of A Shares. On 3 February 2016, the Company received the "Approval in relation to the Non-public Issuance of Shares by Beijing North Star Company Limited" (Zheng Jian Xu Ke [2016] No. 204) issued by China Securities Regulatory Committee, approving the Non-public Issuance of A Shares of the Company (for details, please refer to the announcement of the Company dated 3 February 2016).

3. Environmental policies and performance

The environmental policy and its performance of the Group for the year ended 31 December 2015 is set out in the section "Efforts for Environmental Protection" paged 21 of the "The Board's Discussion and Analysis on the Company's Operation during the Reporting Period" of this annual report.

4. Laws and regulations that have a significant impact on the Company

The Company has strictly complied with the Listing Rules, the SFO, the Company Law, Securities Law, the Rules for Governance of Securities Companies and other relevant laws and regulations and industry rules which had significant influence on the business and operation of the Company during the year.

5. Key relationships

The explanation on the key relationships between the Company and its employees, customers or suppliers and the personnel who has material impact on and is the key to the prosperity of the Company is set out in the Report of the Directors of this annual report.

RESULTS AND PROFIT DISTRIBUTION

The results of the Group for the year ended 31 December 2015 and the financial positions of the Group and the Company as at 31 December 2015 prepared in accordance with HKFRS are set out on pages 62 to 68 of this annual report.

DIVIDEND

The Board recommends the payment of a final dividend of RMB0.06 per share for the year ended 31 December 2015, totalling RMB202,021,000.

FIVE YEAR FINANCIAL SUMMARY

The Group's consolidated results and summaries of assets and liabilities for the last five financial years are set out on pages 4 to 5 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's cost of purchase of goods and services was derived from its five largest suppliers and less than 30% of the Group's revenue of sale of goods and services was derived from its five largest customers.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owned more than 5% interest of the Company's share capital) had any interest in the major suppliers or customers mentioned above.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements of property, plant and equipment of the Group and of the Company during the year are set out in note 8 to the consolidated financial statements.

PRINCIPAL PROPERTIES

The summary of principal properties profile owned by the Group is set out on pages 158 to 160 of this annual report.

RESERVES

Details of movements of the reserves of the Group and the Company during the year are set out in note 20 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

In accordance with the articles of association of the Company, the profit available for appropriation by the Company for the purpose of dividend payments is based on the lesser of the net profit of the Company determined in accordance with China Accounting Standards for Business Enterprises; and the net profit determined in accordance with HKFRSs.

Distributable reserves of the Company as at 31 December 2015 amounted to RMB1,764,407,706 (2014: RMB1,637,650,512).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company had not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the year.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The directors, supervisors and senior management during the year and up to the date of this report are as follows:

Executive Directors

HE Jiang-Chuan	*Chairman*
LI Chang-Li	*Director*
ZHAO Hui-Zhi	*Director*
ZENG Jin	*Director*
LIU Jian-Ping	*Director*
LIU Huan-Bo	*Director*

Independent Non-Executive Directors

WU Ge (appointed on 28 May 2015)	*Director*
FU Yiu-Man (appointed on 28 May 2015)	*Director*
GUO Li (appointed on 28 May 2015)	*Director*
LONG Tao (retired on 28 May 2015)	*Director*
GAN Pei-Zhong (retired on 28 May 2015)	*Director*
WONG Yik Chung (retired on 28 May 2015)	*Director*

Supervisors

ZHAO Chong-Jie	*Chairman of Supervisory committee*
LI Guo-Rui	*Supervisor*
LIU Yao-Zhong (resigned on 22 March 2016)	*Supervisor*
ZHANG Wei-Yan	*Supervisor*
SONG Yi-Ning	*Supervisor*
YAN Jing-Hui (appointed on 22 March 2016)	*Supervisor*

Senior Management

ZENG Jin	*General Manager*
LIU Huan-Bo	*Deputy General Manager*
DU Jing-Ming	*Deputy General Manager*
LI Yun	*Deputy General Manager*
ZHANG Wen-Lei	*Deputy General Manager*
LU Jian	*Deputy General Manager*
LIU Tie-Lin	*Deputy General Manager*
Chen Deqi	*Deputy General Manager*
CUI Wei	*Financial Controller*
GUO Chuan	*Company Secretary*
LEE Ka Sze, Carmelo	*Company Secretary – served as a representative of external service provider*

The biographical details of directors, supervisors and senior management are set out on pages 39 to 43 of this annual report.

The Company has received confirmation from each of the independent non-executive directors of their independence and considered all independent non-executive directors to be independent of the Company.

None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

ELECTION OF DIRECTORS AND SUPERVISORS UPON COMPLETION OF A TERM

The current directors and supervisors of the Company were elected at the 2014 annual general meeting held on 28 May 2015. The directors from the last term, namely Mr. HE Jiang-Chuan, Mr. LI Chang-Li, Ms. ZHAO Hui-Zhi, Mr. ZENG Jin, Mr. LIU Jian-Ping and Mr. LIU Huan-Bo were re-elected as directors of the Company, among which Mr. HE Jiang-Chuan was re-elected as Chairman of the Company. Mr. LONG Tao, Mr. GAN Pei-Zhong and Mr. WONG Yik Chung retired from office as independent non-executive directors and ceased to be members of the audit committee, the remuneration and evaluation committee, nomination committee and the strategic committee. Mr. LONG Tao also ceased to be the chairman of the audit committee and the remuneration and evaluation committee. Mr. WU Ge, Mr. FU Yiu-Man and Mr. GUO Li are currently the independent non-executive directors of the Company and were appointed as the members of the audit committee, the remuneration and evaluation committee, nomination committee and the strategic committee, among which, Mr. WU Ge is elected as the chairman of the audit committee and the remuneration and evaluation committee. The supervisors from the last term, namely Mr. ZHAO Chong-Jie, Mr. LI Guo-Rui, Ms. SONG Yi-Ning, Mr. LIU Yao-Zhong and Mr. ZHANG Wei-Yan, were re-elected as supervisors of the Company, among which Mr. ZHAO Chong-Jie was re-elected as Chairman of the Supervisory Committee.

RESIGNATION

Mr. GUO Li has tendered his resignation from the position of director due to personal work reasons, which will become effective after the Company's shareholders' general meeting elects a new independent non-executive director to fill in such vacancy. [During the year, no Director resigned from his office or refused to stand for re-election to his office due to reasons relating to the affairs of the Company.

PERMITTED INDEMNITY PROVISIONS

During the Reporting Period, the Company has purchased the appropriate liability insurance for its directors, supervisors and senior management.

EQUITY-LINKED AGREEMENTS

The Company and BNS Group signed the Subscription Agreement with respect to the Non-public Issuance, details of which are set out in the section "connected transactions" on pages 52 to 55 of the Report of the Directors of this annual report.

DIRECTORS AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year and up to the ending date, the Company was a party to any arrangements whose objects are, or one of whose objects is, to enable the directors and supervisors of the Company to acquire benefits by means of the acquisition of Shares in, or debentures, of the Company or any other body corporate.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of directors, supervisors and senior management's emoluments are set out in notes 35 and 37 to the consolidated financial statements.

INDIVIDUALS WITH THE HIGHEST PAY

During the year, one of the five individuals with the highest emolument in the Group was directors of the Company.

MANAGEMENT CONTRACTS

Except for the connected transaction contracts as stated in this report, no contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 December 2015, none of the directors, supervisors and chief executives of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (as defined under Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company or Hong Kong Stock Exchange pursuant to the Model Code. None of the directors, supervisors and chief executives of the Company, their spouses or children under the age of 18 had been granted any rights to subscribe for shares in or debentures of the Company or its associated corporations, nor has any of them exercised such rights during the year.

At no time during the year were the Company and its associated corporations a party to any arrangement to enable the directors, supervisors and chief executives of the Company (including their spouses and children under 18 years old) to hold any interests or short positions in the shares in or debentures of, the Company, and its associated corporations.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from service contracts in relation to the Company's business, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its substantial shareholders was a party and in which a director or supervisor or their related entities of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

During the year and up to the date of this report, none of the directors, supervisors and management shareholders has any interest in business which competes or may compete with the business of the Group under the Listing Rules.

DETAILS OF SHARE OFFERING AND LISTING

Class of shares	H shares
Listing place	Hong Kong
Offer price	HK$2.40 per share
Listing date	14 May 1997
Number of issued shares	707,020,000 shares

Class of shares	A shares
Listing place	Shanghai
Offer price	RMB2.40 per share
Listing date	16 October 2006
Number of issued shares	1,500,000,000 shares

SHARE CAPITAL

The Company's total number of issued shares as at 31 December 2015 was 3,367,020,000, comprising:

Domestic listed A shares	2,660,000,000	Representing 79.002%
Foreign listed H shares	707,020,000	Representing 20.998%

Details of the movements in share capital of the Company are set out in note 19 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTEREST

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31 December 2015, the Company had been notified of the following substantial shareholders' interests or short positions, being 5% or more of the relevant class of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

Long positions in the shares of the Company:

Name of shareholder	Class of shares	No. of shares	No. of relevant shares	Capacity	Nature of interest	Percentage of the relevant class of share capital	Percentage of total share capital
Beijing North Star Industrial Group Limited Liabilities Company ("BNSIGC")[Note 1]	A shares	1,352,140,653[Note 2]	–	Beneficial owner	Corporate interest	50.832%	40.158%

Save as disclosed above, the register required to be kept under Section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2015.

Note 1: Pursuant to the document titled "Implementation measure for the transfer of part of the state-owned shares to the National Council for Social Security Fund in domestic securities market" (Cai Qi [2009] No. 94)(《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》(財企[2009]94號)) and announcement No. 63 of 2009 jointly issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, after the reform of shareholder structure, all the limited companies who conducted the initial public offering in the domestic securities market with its shares (including state-owned shares) listed shall transfer part of its state-owned shares with reference to 10% of the actual issued shares during initial public offering to National Council for Social Security Fund except those otherwise stipulated by the State Council. For the companies which meet the conditions for direct transfer of shares but are required to maintain the controlling status of the nation pursuant to relevant national regulations, the state-owned shareholders are required to perform their obligation of transfer by way of (including but not limited to) distributing dividend or turning into internal resources while ensuring the capital being contributed to the national treasury in full in a timely manner after approval by the asset supervision and management authority.

The Company completed the initial public offering for A shares and was listed in October 2006 with an issue size of 1.5 billion shares. Pursuant to No. 94 document and the announcement No. 63 of 2009 jointly issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund, the 150,000,000 shares held by BNSIGC are frozen at present as BNSIGC was a state-owned shareholder prior to the listing of the Company.

On 30 October 2015, the BNS Group has issued a guarantee to National Council for Social Security Fund, undertaking to perform its share transfer obligation through cash contribution and fully contributed to the national treasury with RMB360,000,000 in cash from the 150 million shares to be transferred. The BNS Group has paid the first amount of RMB60,000,000 on 20 November 2015. So far, the 150 million shares held by the BNS Group in the Company are still frozen.

Note 2: As at 30 June 2015, BNSIGC beneficially holds 1,161,000,031 A shares, representing approximately 43.647% of the total number of issued A share and approximately 34.482% of the total number of issued shares. In addition, BNSIGC and the Company entered into the conditional Subscription Agreement in relation to the subscription of A shares by BNSIGC, pursuant to which, BNSIGC agreed to subscribe in cash and the Company agreed to place a number of A shares (the number of shares being rounded down to the nearest integer without decimals) equivalent to approximately 34.482% of the total A shares ultimately issued by the Company under the Non-public Issuance. The Non-public Issuance of A shares by the Company and the subscription of A shares by BNSIGC are not completed.

THE COMPANY'S TOP 10 SHAREHOLDERS OF LIQUID SHARES IN THE A-SHARE AND H-SHARE MARKETS

As at 31 December 2015, the shareholders as recorded in the registers of holders of A shares and H shares kept by the Company are as follows:

As at the end of the reporting period, the total number of shareholders are: 261,430 holders

Shareholdings of top ten shareholders of the Company as at 31 December 2015

Name of shareholders	**Class of shares**	**Total number of shares held at the end of the period** *(shares)*	**Percentage of shares held** *(%)*
Beijing North Star Industrial Group Limited Liabilities Company	A share	1,161,000,031	34.482
HKSCC NOMINEES LIMITED	H share	684,128,499	20.319
Beijing Wangfujing Department Store (Group) Company Limited (北京王府井百貨（集團）股份有限公司)	A share	137,000,000	3.721
Zhong Hang Xin Gang Guarantee Co., Ltd. (中航鑫港擔保有限公司)	A share	73,573,353	2.185
Fang Yuelun	A share	13,115,201	0.390
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	A share	10,460,939	0.311
Ping An Bank Co., Ltd.–Xinhua Axin No. 1 Capital Guaranteed Combined Securities Investment Fund (平安銀行股份有限公司–新華阿鑫一號保本混合型證券投資基金)	A share	7,433,650	0.221
Agricultural Bank of China Limited–Xinhua Axin No. 1 Capital Guaranteed Combined Securities Investment Fund (中國農業銀行股份有限公司–新華鑫安保本一號混合型證券投資基金)	A share	6,143,480	0.182
Luo Jiangang	A share	5,361,900	0.159
China Foreign Economy and Trade Trust Co., Ltd.–FOTIC• Ruijin tranche 31 Qingshuiyuan Securities Investment Pools Trust Plan (中國對外經濟貿易信託有限公司–外貿信託•鋭進31期清水源證券投資集合資金信託計劃)	A share	5,096,322	0.151

Note: HKSCC NOMINEES LIMITED stands for Hong Kong Securities Clearing Company (Nominees) Limited, which held the Company's H shares on behalf of a number of customers.

DESIGNATED DEPOSITS AND DUE FIXED DEPOSITS

As at 31 December 2015, the Group had no designated deposits placed with financial institutions in the PRC. All of the Group's cash deposits are placed with commercial banks in the PRC and are in compliance with applicable laws and regulations. The Group has not experienced any incident of not being able to withdraw bank deposits upon maturity.

STAFF RETIREMENT SCHEME

Details of the Group's staff retirement scheme are set out in note 27 to the consolidated financial statements.

EMPLOYEES

As at 31 December 2015, the Company had 5,232 employees. The employee remuneration policy of the Company is that the total salary is paid with reference to its economic efficiency. Save from the remuneration policy disclosed above, the Company does not provide any share option scheme for its employees. The Company regularly provides its management personnel trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws. The training is provided in different forms, such as seminars, site visits, study tours and survey tours.

STAFF HOUSING QUARTERS

During the year, the Group did not provide any housing quarters to its staff.

CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 35 to the consolidated financial statements also constituted connected transactions (including continuing connected transactions) under the Listing Rules and/or the Listing Rules of Shanghai Stock Exchange. Such transactions between certain connected persons (as defined in the Listing Rules) and the Group which have been entered into and/or are ongoing during the year are shown below for which relevant disclosure, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

(1) Interest Expense for the Entrusted Loans

During the reporting period, the total interest expense for the entrusted loans paid by the Company to BNSIGC amounted to RMB50,878,681, representing 3.75% of the interest expense of the Company for the year.

(2) Use of Authorised Logo and Signage Usage

Pursuant to the "Contract of Authorised Logo and Signage Usage" entered into with BNSIGC on 18 April 1997, the Company paid RMB10,000 of authorised logo and signage usage fee to BNSIGC in 2015, representing 0.03% of the leases of the Company. Such transaction was settled by cash.

(3) Land Rental

According to a lease agreement dated 11 April 1997 entered into between the Company and BNSIGC, BNSIGC leased to the Company a piece of land on which the Company's investment properties and their ancillary facilities are located for its use. With an area of approximately 167,000 m^2, the piece of land is leased for terms of 40 years to 70 years, subject to the type of usage of different portions of the piece of land. The rental for the 12 months ended 31 December 2015 was RMB15,310,415, representing 42.21% of the leases of the Company. Such transaction was settled by cash once per year. The rentals for future years will be adjusted with reference to the percentage increase of the previous year's consumer price index as announced by the National Bureau of Statistics.

(4) Renting Properties from Others

In 2015, the Company's subsidiary, Beijing North Star Xin Cheng Property Management Co., Limited (hereafter called "Xin Cheng Property"), entered into a property rental agreement with Chen Yun Property, a subsidiary of BNSIGC. Pursuant to the agreement, Xin Cheng Property leased certain properties from Chen Yun Property as office properties. The term of the lease is one year, starting from 1 January 2015 and ended at 31 December 2015. The rental for the 12 months ended 31 December 2015 was RMB900,000, representing 2.48% of the leases of the Company. Such transaction was settled by cash.

(5) Amount Provided to Joint Venture/Associate

The Company provided an amount of RMB192,750,000 to Wuhan Contemporary North Star, a joint venture of the Company, for project development in 2015. During the reporting period, the full amount of RMB192,750,000 was recovered.

The Company provided an amount of RMB136,197,025 to Hangzhou Yufa, an associate of the Company, for project development in 2015.

(6) Interest Receivable from Joint Venture/Associate

The Company provided fund to Wuhan Contemporary North Star, a joint venture of the Company, for project development with interest accrued of RMB15,662,654 in 2015. Interest accrued accounted for 21.85% of the interest income of the Company.

The Company provided fund to Hangzhou Xufa, an associate of the Company, for project development with interest accrued of RMB4,626,859 in 2015. Interests accrued accounted for 6.45% of the interest income of the Company.

(7) Proposed subscription of A shares by the BNSIGC

As considered and approved at the 76th meeting of the sixth session of the Board, the Company intends to issue to not more than ten specific investors not more than 554,320,000 A shares (inclusive) by way of non-public placement with issue price of not less than RMB4.51 per A share, i.e. not less than 90% of the average trading price of the shares of the Company for the 20 trading days immediately before 17 April 2015, the date on which the voting results of the 76th meeting of the sixth session of the Board was announced. The Non-public Issuance is subject to approval from The State-Owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality and the general meeting of the Company and to obtain the approval from the China Securities Regulatory Commission and other securities regulatory departments. The total funds raised from the proposed issuance would be not more than RMB2,500 million (inclusive) and will be, after deducting the issuance expenses, used for the development and construction of North Star Xinhe Delta Zone E4 and E6 Projects (北辰新河三角洲E4、E6區) and Hangzhou Xiaoshan North Star Aoyuan Project (杭州蕭山北辰•奧園項目) and and repayment of the bank loans. The 2014 profit distribution of A Shares of the Company has been implemented. The issue price of the Non-public Issuance shall be adjusted from not less than RMB4.51 per A Share to not less than RMB4.45 per A Share. The number of Shares to be issued shall be adjusted from no more than 554,320,000 A Shares (inclusive) to no more than 561,790,000 A Shares (inclusive). The funds to be raised remained unchanged at RMB2,500,000,000 (inclusive of RMB2,500,000,000).

The Company and BNSIGC entered into the Subscription Agreement on 16 April 2015, pursuant to which BNSIGC agreed to subscribe in cash for a number of A Shares (the number of Shares being rounded down to the nearest integer without decimals) equivalent to approximately 34.482% of the total A Shares ultimately issued by the Company under the Non-public Issuance at a price identical to that offered to other target subscribers. The final number of Shares to be subscribed shall be confirmed by a supplemental agreement entered into by both parties upon the confirmation of the issue price.

The independent non-executive directors of the Company have reviewed the transactions contained in paragraphs (1) to (7) above and, pursuant to the Listing Rules, confirmed that the transactions had been carried out on normal commercial terms, in accordance with the terms of the relevant agreements, were in the ordinary and normal course of business of the Company (as appropriate) and were fair and reasonable so far as the shareholders of the Company as a whole were concerned.

The Company's auditor, PricewaterhouseCoopers, has examined the paragraphs from (2), (3) to (4) above, which transactions constituted continuing connected transactions for the year ended 31 December 2015 and, pursuant to the Listing Rules, reported in its letter to the Company that the relevant transactions (i) have been approved by the Board of the Company; (ii) the pricing of which on a sample basis, were in accordance with the pricing policies of the Company; and (iii) have been carried out in accordance with the relevant agreements governing relevant transactions. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the continuing connected transactions as referred to in paragraphs from (2), (3) to (4) above.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2015, the bank loans and other borrowings of the Group are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision under the Company's Articles of Association and the related laws of the PRC, which obliges the Company to offer new shares with pre-emptive rights to existing shareholders for purchase of shares on pro-rata basis.

SUBSIDIARIES

Details of the Company's principal subsidiaries are set out in note 9 to the consolidated financial statements.

MAJOR LITIGATION OR ARBITRATION

The Group was involved in the following major litigation or arbitration during the year:

Plaintiff (claimant)	Defendant (respondent)	Type of lawsuit (arbitration)	Profile of the lawsuit (arbitration)	Amount involved in the lawsuit (arbitration	Whether or not the lawsuit (arbitration) entails expected liabilities and the amount thereof	Progress of the lawsuit (arbitration)	Judgment of the lawsuit (arbitration) and its implications	Implementation of the judgment of the lawsuit (arbitration)
Beijing Construction Engineering Group Co., Ltd. (北京建工集團有限責任公司)	Beijing North Star Company Limited ("North Star Company")	Arbitration	On 25 July 2014, Beijing Construction Engineering Group Co., Ltd. (the "Construction Engineering Group") submitted an application for arbitration to Beijing Arbitration Commission which was accepted by Beijing Arbitration Commission on 1 August 2014. Pursuant to the application for arbitration summited by Construction Engineering Group, Construction Engineering Group requested to arbitrate that North Star Company has to pay the outstanding amount of the engineering projects completed during the competition phase of RMB13,411,149.62, and the interest incurred of RMB5,464,444.37 (temporarily accrued to 23 July 2014), and also requested to arbitrate that North Star Company has to pay the outstanding overdue amount for the post-competition engineering projects of RMB122,849,859.49 and the interest incurred of RMB37,014,244.32 (temporarily accrued to 23 July 2014). In addition, Construction Engineering Group requested to arbitrate that North Star Company has to pay the legal fees for Construction Engineering Group which incurred from this case of an amount of RMB1,829,295.2 as well as all the arbitration expenses. After receiving the aforementioned application for arbitration and evidence submitted by the Construction Engineering Group, North Star Company organized relevant personnel to review and confirm. Upon investigation, The General Contracting Agreement of the National Convention Center Project in the Beijing Olympic Park (Zone B) was divided into two phases, namely the competition phase and the post-competition phase. In particular, the amount was settled for the competition phase; for the post-competition phase, as there was still great dispute and disagreement between the two parties, consensus has not been reached in terms of the settlement. North Star Company has submitted defense materials and the relevant evidence materials to Beijing Arbitration Commission pursuant to arbitration rules. Beijing Arbitration Commission has organized some cross-examination and it was still in the trial phase.	Approximately RMB181,378,818.77	No	Case closed	On 16 November 2015, Beijing Arbitration Commission issued the Arbitration Award Jing Zhong Cai Zi No.1223 (2015) and the judgment was as follows: (1) It is judged that North Star Company shall pay Construction Engineering Group the engineering cost of RMB67,628,538.45 for demolishment and reconstruction after the game and shall take RMB58,316,406 as the basis for calculating the interest pursuant to the People's Bank of China's benchmark for deposit interest rate over the same period and shall pay such interest to Construction Engineering Group commencing from 1 January 2012 to the day on which the actual payment of interest is made, and shall also take RMB9,312,132 as the basis for calculating the interest pursuant to the People's Bank of China's benchmark for deposit interest rate over the same period and shall pay such interest to Construction Engineering Group commencing from 1 February 2012 to the day on which the actual payment of interest is made; (2) North Star Company is to pay Construction Engineering Group RMB3,869,145.18, the engineering cost which has not been settled for the engineering projects completed during the competition phase and shall pay such interest to Construction Engineering Group commencing from 1 January 2012 to the day on which the actual payment of interest is made; (3) North Star Company is to compensate Construction Engineering Group the cost for legal counsel of RMB500,000; (4) Construction Engineering Group is to compensate North Star Company the cost for legal counsel of RMB600,000; (5) the arbitration cost for the original request for this case is RMB809,825.97 and shall be shared by Construction Engineering Group which shall be liable for RMB323,930.39 and North Star Company which shall be liable for RMB485,895.58. The arbitration cost for the countercharge for this case shall be shared by North Star Company which shall be liable for RMB17, 975 and Construction Engineering Group which shall be liable for RMB17, 975. Among the payments above, the offset payables by North Star Company totaled RMB72, 916,185.65. Upon the receipt of the Arbitration Award, North Star Company had fulfilled all its obligations under the Award and the case has been heard and its execution has concluded.	Execution completed

Plaintiff (claimant)	Defendant (respondent)	Type of lawsuit (arbitration)	Profile of the lawsuit (arbitration)	Amount involved in the lawsuit (arbitration	Whether or not the lawsuit (arbitration) entails expected liabilities and the amount thereof	Progress of the lawsuit (arbitration)	Judgment of the lawsuit (arbitration) and its implications	Implementation of the judgment of the lawsuit (arbitration)
Beijing Construction Engineering Group Co., Ltd. (北京建工集團有限責任公司)	Beijing North Star Company Limited ("North Star Company")	Arbitration	On 30 September 2014, Beijing Construction Engineering Group Co., Ltd. ("Construction Engineering Group") filed an arbitration application to the Beijing Arbitration Commission. It alleged that, during the construction of National Convention Center Project, in order to ensure completion of the Olympic project as scheduled, Construction Engineering Group, upon negotiation with Convention Development Company, the contract letting party, completed the remaining works of Section A of the professional curtain wall project on behalf of Shaanxi Yilin Company, while North Star Company defaulted on the payment for the works. Thus, it requested to arbitrate that North Star Company has to pay it the outstanding amount for the works amounting to RMB17,916,093.04, compensate economic losses of RMB392,088.71 (calculated at interest rate) and the attorney fee arising from the case of RMB179,160.00. Upon acceptance of the case by Beijing Arbitration Commission, an arbitral tribunal was formed to hear the case.	RMB18,626,572.13	No	Case closed	On 20 May 2015, Beijing Arbitration Commission issued the Arbitration Award Jing Zhong Cai Zi No. 0369 (2015), which sets out that: 1. North Star Company shall make a payment for the project amounting to RMB17,916,093.04 to the Construction Engineering Group; 2. North Star Company shall make a compensation against economic losses of RMB392,088.71 (calculated with RMB17,916,093.04 as the base and the interest rate for current deposits of the People's Bank of China) to the Construction Engineering Group; 3. North Star Company shall undertake the attorney fee of the Construction Engineering Group arising from the case amounting to RMB179,160; 4. All the counterclaims from North Star Company in relation to the arbitration shall be rejected; 5. The arbitration fee of this case amounting to RMB139,230.38 shall be borne and paid to the Construction Engineering Group directly by North Star Company. The payables in relation to the case sum up to RMB18,626,572.13. Upon receipt of the aforementioned Arbitration Award, North Star Company has fulfilled all its obligations under the award. The case has been heard and its execution has concluded.	Execution completed

POLICIES ON INCOME TAX

In compliance with the PRC laws and regulations, the Company and its subsidiaries and a jointly controlled entity paid corporate income tax at a rate of 25% based on taxable income.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2015, the equity attributable to owners of the Company increased by 3.79% compared to 31 December 2014. The increase was mainly due to additional profit attributable to owners of the Company of RMB760,687,000 during the period.

The Group's bank and other borrowings as at 31 December 2015 amounted to RMB17,758,571,000. As at the end of the year, net value of the Group's 10-year corporate bonds, 5-year corporate bonds and 7-year corporate bonds were RMB1,498,950,000, RMB991,641,000 and RMB1,486,616,000, respectively. Details of these bonds are set out in note 23 to the consolidated financial statements.

Current assets of the Group, which mainly comprised cash at bank and on hand, completed properties held for sale and properties under development, amounted to RMB39,313,389,000, whereas the current liabilities amounted to RMB18,453,694,000. As at 31 December 2015, balances of cash at bank and on hand amounted to RMB6,104,157,000 (excluding restricted bank deposits) and none of the bonds in issue were exposed to redemption and payment risks. During the year, the Company did not engage in any transaction on financial products or derivative instruments.

As at 31 December 2015, the Group had secured borrowings from banks and other financial institutions of RMB15,588,057,000 with certain investment properties, hotels, properties under development and completed properties held for sale as the collaterals. The asset-liability ratio calculated by total liabilities divided by total assets for the Group was 68.45% at the end of the reporting period (as at 31 December 2014: 63.65%).

All of the Group's operations take place within the territory of mainland China and all transactions are settled in RMB. Accordingly, there is no exposure to the risk of exchange rate fluctuations.

The Company did not have any contingent liabilities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiries to all directors and supervisors of the Company, the Company confirmed that its directors and supervisors have complied with the required standards as set out in the Model Code during the year.

CORPORATE GOVERNANCE CODE

The Company has strived to maintain and establish a high level of corporate governance and has fully complied with all the codes provisions set out in the "Corporate Governance Code" contained in Appendix 14 of the Listing Rules during the year.

REVIEW ON ANNUAL RESULTS

The audit committee has reviewed the annual results and the financial statements of the Group for the year ended 31 December 2015 according to its terms of reference.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float which is more than 25% of the Company's issued shares as required under the Listing Rules.

AUDITOR

The accounts of the Company have been audited by PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP who retire and being eligible, offer themselves for re-appointment as auditors of the Company. A resolution re-appointing PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the Company's PRC and international auditors will be proposed at the 2015 AGM.

By Order of the Board

HE Jiang-Chuan
Chairman

Beijing, the PRC, 30 March 2016

Report of the Supervisory Committee

The Supervisory Committee of the Company (hereinafter as the "Supervisory Committee"), in compliance with the provisions of the Company Law of the People's Republic of China, the relevant laws and regulations of Hong Kong and the Articles of Association of the Company, conscientiously carried out their duty protected shareholders' rights, safeguard the Company's interest and abided by the principle of integrity, took an active role to work reasonably and cautiously with diligence to protect the interests of the Company and its shareholders.

In 2015, the Supervisory Committee met five times in total and the supervisors attended the Board meetings, 2014 annual general meeting as well as the three extraordinary general meetings of 2015 held during the reporting period. The Supervisory Committee has seriously reviewed and agreed to the audited financial reports, profit appropriation proposal and the self-assessment report of the Board on internal control of the Company to be proposed by the Board for presentation at the 2015 annual general meeting. It also strictly and effectively monitored and supervised the Board and management of the Company in making significant policies and specific decisions to ensure that they were in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in the interests of its shareholders and employees. It is of the opinion that in 2015, the Board and management of the Company were able to make decision in lawful procedures, strictly observe their fiduciary duty, to act diligently and to exercise their authority faithfully in the best interests of the shareholders in accordance with the laws and regulations and the Articles of Association.

During the reporting period, the Supervisory Committee conducted continuous supervision over the implementation of the Registration and Management System for the Holders of Insider Information (內幕信息知情人登記管理制度) and the cash dividends of the previous year of the Company and had not detected any insider dealings by any holders of insider information or any other act detrimental to the interests of the Company. The cash dividend policy of the Company was implemented effectively under the Articles of Association and the resolutions of general meetings. Meanwhile, the Supervisory Committee was of the opinion that, the connected transactions between the Company and related parties were conducted at fair market prices and in compliance with reviewing and disclosure procedures, without prejudicing the interests of the Company and minority shareholders.

The Supervisory Committee is satisfied with the achievement and economic effects of the Company in 2015 and has great confidence to the future of the Company.

In 2016, the Supervisory Committee of the Company will continue to strictly comply with the Articles of Association and the relevant regulations, so as to safeguard shareholders' interests and fulfill all its duties.

By Order of the Supervisory Committee
ZHAO Chong-Jie
Chairman of the Supervisory Committee

Beijing, the PRC, 30 March 2016

Independent Auditor's Report

羅兵咸永道

Independent Auditor's Report
to the shareholders of Beijing North Star Company Limited
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Beijing North Star Company Limited (the 'Company') and its subsidiaries set out on pages 62 to 156, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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.

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羅兵咸永道

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015 and 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2016

Consolidated balance sheet

	Note	As at 31 December **2015** ***RMB'000***	 2014 *RMB'000*
ASSETS			
Non-current assets			
Land use rights	6	**320,470**	329,122
Investment properties	7	**12,396,300**	11,574,900
Property, plant and equipment	8	**2,272,152**	2,887,656
Investments accounted for using the equity method	10	**14,705**	28,398
Deferred income tax assets	24	**210,306**	172,932
Trade and other receivables	16	**–**	277,500
		15,213,933	15,270,508
Current assets			
Properties under development	13	**22,966,299**	16,100,770
Completed properties held for sale	14	**8,053,187**	7,774,754
Other inventories	15	**67,267**	78,527
Trade and other receivables	16	**1,651,243**	940,103
Restricted bank deposits	17	**471,236**	257,157
Cash and cash equivalents	18	**6,104,157**	4,052,623
		39,313,389	29,203,934
Total assets		**54,527,322**	44,474,442
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	**3,367,020**	3,367,020
Other reserves	20	**4,346,651**	4,261,968
Retained earnings		**8,887,245**	8,365,110
		16,600,916	15,994,098
Non-controlling interests		**603,618**	172,566
Total equity		**17,204,534**	16,166,664

Consolidated balance sheet (Continued)

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Long term borrowings	23	**17,085,264**	13,650,224
Long term payables		**5,282**	6,186
Deferred income tax liabilities	24	**1,778,548**	1,697,714
		18,869,094	15,354,124
Current liabilities			
Trade and other payables	21	**12,978,427**	9,721,868
Current income tax liabilities	22	**824,753**	772,036
Current portion of long term borrowings	23	**4,158,300**	1,309,750
Short term borrowings	23	**492,214**	1,150,000
		18,453,694	12,953,654
Total liabilities		**37,322,788**	28,307,778
Total equity and liabilities		**54,527,322**	44,474,442

The financial statements on pages 62 to 68 were approved by the Board of Directors on 30 March 2016 and were signed on its behalf.

Director　　　　*Director*

The notes on pages 69 to 156 are an integral part of these consolidated financial statements.

Consolidated income statement

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	5	**7,185,973**	6,233,623
Cost of sales	25	**(4,388,068)**	(3,467,106)
Gross profit		**2,797,905**	2,766,517
Selling and marketing expenses	25	**(411,289)**	(320,018)
Administrative expenses	25	**(680,809)**	(699,399)
Fair value gains on investment properties		**22,420**	161,206
Other gains/(losses) – net	26	**1,686**	(3,862)
Operating profit		**1,729,913**	1,904,444
Finance income	28	**71,684**	42,362
Finance expenses	28	**(449,616)**	(376,767)
Finance expenses – net	28	**(377,932)**	(334,405)
Share of loss of investments accounted for using the equity method	10	**(6,831)**	(669)
Profit before income tax	5	**1,345,150**	1,569,370
Income tax expenses	29	**(561,098)**	(733,013)
Profit for the year		**784,052**	836,357
Profit attributable to:			
Owners of the Company	30	**760,687**	779,992
Non-controlling interests		**23,365**	56,365
		784,052	836,357
Earnings per share attributable to the owners of the Company during the year (basic and diluted) *(expressed in RMB cents per share)*	30	**22.59**	23.17

The notes on pages 69 to 156 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit for the year	**784,052**	836,357
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Reclassification of revaluation of properties newly transferred to investment properties	**93,787**	–
Other comprehensive income for the year, net of tax	**93,787**	–
Total comprehensive income for the year	**877,839**	836,357
Attributable to:		
Owners of the Company	**854,474**	779,992
Non-controlling interests	**23,365**	56,365
	877,839	836,357

The notes on pages 69 to 156 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

		Attributable to owners of the Company					
		Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2015		**3,367,020**	**4,261,968**	**8,365,110**	**15,994,098**	**172,566**	**16,166,664**
Comprehensive income							
Profit for the year		–	–	760,687	760,687	23,365	784,052
Other comprehensive income		–	93,787	–	93,787	–	93,787
Total comprehensive income		–	93,787	760,687	854,474	23,365	877,839
Transactions with owners in their capacity as owners							
2014 final dividends		–	–	(202,021)	(202,021)	–	(202,021)
Transfer from retained earnings	20	–	36,531	(36,531)	–	–	–
Proceeds from injection from non- controlling interests		–	–	–	–	424,000	424,000
Acquisition of a subsidiary		–	–	–	–	(16,313)	(16,313)
Fair value of forward contract over non-controlling interest		–	(45,635)	–	(45,635)	–	(45,635)
Total transactions with owners in their capacity as owners		–	(9,104)	(238,552)	(247,656)	407,687	160,031
Balance at 31 December 2015		**3,367,020**	**4,346,651**	**8,887,245**	**16,600,916**	**603,618**	**17,204,534**

Consolidated statement of changes in equity (Continued)

		Attributable to owners of the Company					
	Note	Share capital *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2014		3,367,020	4,231,264	7,817,843	15,416,127	78,240	15,494,367
Comprehensive income							
Profit for the year		–	–	779,992	779,992	56,365	836,357
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income		–	–	779,992	779,992	56,365	836,357
Transactions with owners in their capacity as owners							
2013 final dividends		–	–	(202,021)	(202,021)	–	(202,021)
Transfer from retained earnings	20	–	30,704	(30,704)	–	–	–
Proceeds from injection from non-controlling interests		–	–	–	–	35,000	35,000
Acquisition of a subsidiary		–	–	–	–	2,961	2,961
Total transactions with owners in their capacity as owners		–	30,704	(232,725)	(202,021)	37,961	(164,060)
Balance at 31 December 2014		3,367,020	4,261,968	8,365,110	15,994,098	172,566	16,166,664

Consolidated cash flow statement

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash used in operations	32	**(2,584,243)**	(658,058)
Interest received		**60,756**	30,123
Interest paid		**(1,199,121)**	(953,014)
PRC income tax paid		**(637,445)**	(627,257)
Net cash used in operating activities		**(4,360,053)**	(2,208,206)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(39,229)**	(119,253)
Increase of investment properties		**(16,037)**	(74,694)
Loans granted to related parties		**(328,947)**	(277,500)
Loan repayments received from related parties		**192,750**	–
Interest received for loans granted		**1,526**	1,428
Decrease in deposits with original maturity of 3 months		**–**	3,089
Proceeds from sale of property, plant and equipment	32(a)	**320**	546
Acquisition of a subsidiary, net of cash acquired		**64**	20,044
Investment in an associate and a joint venture		**(2,500)**	(22,500)
Net cash used in investing activities		**(192,053)**	(468,840)
Cash flows from financing activities			
Proceeds from borrowings and issuance of bonds		**10,319,631**	8,315,669
Repayments of borrowings		**(4,699,744)**	(5,132,675)
Proceeds from borrowings from non-controlling interests		**1,587,506**	517,439
Repayments of borrowings from non-controlling interests		**(825,732)**	–
Proceeds from capital injection from non-controlling interests		**424,000**	35,000
Dividends paid to the Company's shareholders	31	**(202,021)**	(202,021)
Net cash generated from financing activities		**6,603,640**	3,533,412
Net increase in cash and cash equivalents		**2,051,534**	856,366
Cash and cash equivalents at beginning of year		**4,052,623**	3,196,257
Cash and cash equivalents at end of year		**6,104,157**	4,052,623

The notes on pages 69 to 156 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statement

1. GENERAL INFORMATION

Beijing North Star Company Limited (the "Company") is a joint stock limited liability Company established in the People's Republic of China (the "PRC") on 2 April 1997 as part of the reorganisation (the "Reorganisation") of a state-owned enterprise known as Beijing North Star Industrial Group Limited Liabilities Company ("BNSIGC").

Pursuant to the Reorganisation in preparation for the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Company took over the principal subsidiaries and business undertakings of BNSIGC, together with their related assets and liabilities. The Company was granted the status of a sino-foreign joint venture joint stock limited Company on 20 July 1998. The address of its registered office is No.8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC.

On 25 September 2006, the Company issued 1,500,000,000 A shares at RMB2.4 per share and these shares were listed on the Shanghai Stock Exchange on 16 October 2006. Since then, the Company's shares have been jointly listed on the Main Board of The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange.

The Company is principally engaged in property leasing, land and property development, property investment, provision of food and beverage services as well as the operation of hotels and department stores in the PRC. The subsidiaries are mainly engaged in property development, property management and property investment in the PRC. The Company and its subsidiaries are herein collectively referred to as the "Group".

These consolidated financial statements are presented in Renminbi, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

2.1.1 Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 23.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

- Amendments from annual improvements to HKFRSs-2010–2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'.

- Amendments from annual improvements to HKFRSs-2011–2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'.

The adoption of amendments are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap.622)

- In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

2.1.2 Changes in accounting policy and disclosures (Continued)

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

- HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKFRS 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.1 Basis of preparation *(Continued)*

2.1.2 Changes in accounting policy and disclosures (Continued)

(c) New standards and interpretations not yet adopted *(Continued)*

- Amendments to HKFRS 10 and HKAS 28, 'sale or contribution of assets between an investor and its associate or joint venture' address an inconsistency between HKFRS10 and HKFRS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The effective date of the standard has now been deferred and early application is permitted. The Group is assessing the impact of HKFRS 10 and HKAS28.

- Amendments to HKAS 27, 'Equity method in separate financial statements' allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The standard is effective for annual periods beginning on or after 1 January 2016 and earlier application is permitted. The Group is assessing the impact of HKAS27.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation (Continued)

(a) Business combinations *(Continued)*

Intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.4 Joint arrangements *(Continued)*

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of directors that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income' or 'finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/(losses) – net'.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	20–40 years
Hotel properties	20–40 years
Plant and machinery	5–15 years
Furniture, fixtures, equipment and motor vehicles	5–10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised within 'other gains/(losses) – net', in the consolidated income statement.

Construction-in-progress represents buildings, plant and machinery under construction and pending installation and is stated at cost. Cost includes the costs of construction of buildings, the cost of plant and machinery, installation, testing and other direct costs incurred during the development period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. The carrying amount of a construction-in-progress is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9). When the assets concerned get ready for their intended use, the costs are depreciated in accordance with the policy as stated above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.8 Properties

(a) *Land use rights*

All land in Mainland China is state-owned and no individual land ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights, which are stated at cost and amortised over the use terms of 40 to 70 years using the straight-line method.

Land use rights which is held for development for sales are inventories (Note 2.11) and measured at lower of cost and net realisable value. Land use rights which are held for long-term rental yields are investment properties (Note 2.8(b)) and measured at fair value. Land use rights for own use are stated at cost and amortised over the use terms of 40–50 years using the straight-line method.

(b) *Investment properties*

Investment property, principally leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as 'fair value gains on investment properties'.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as investment property and measured at fair value if its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income and increases the revaluation surplus within equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to amontisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

The Group's financial assets comprise "trade and other receivables" (Note 2.12), "cash and cash equivalents" (Notes 2.13) and "restricted bank deposits" (Note 17) in the consolidated balance sheet. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors 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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss 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 been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.10 Financial assets *(Continued)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.11 Inventories

(a) *Properties under development and Completed properties held for sale*

Properties under development and Completed properties held for sale are stated at the lower of cost and net realisable value Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. On completion, the properties are transferred to completed properties held for sale.

Net realizable value takes into account the price ultimately expected to be realized, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and Completed properties held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(b) *Other inventories*

Other inventories are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to the purchases. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.12 Trade and other receivables

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital

Liquid shares, A shares and H shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the PRC where the Company and its subsidiaries and joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associate and joint venture, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.18 Current and deferred income tax *(Continued)*

(b) Deferred income tax (Continued)

Outside basis differences *(Continued)*

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(a) Pension obligations

The Group has only defined contribution plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.19 Employee benefits *(Continued)*

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Early retirement benefits

The Group provides early retirement benefits to employees who accept early retirement arrangements. Early retirement benefits are salaries and social welfare paid for employees who accept voluntary retirement before the normal retirement date, as approved by the Group's management. The related benefit payments are made from the date of the early retirement till the normal retirement ages. The accounting treatment of the Group's early retirement benefits is in accordance with termination benefits as determined in HKAS 19. The liability is recognized for the early retirement benefit payments from the date of early retirement to the normal retirement date when satisfied the condition of termination benefit with a corresponding charge in the consolidated income statement. Differences arising from changes in assumptions and estimates of the present value of the liabilities are recognized in consolidate income statement when incurred.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(e) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of the relevant properties have been completed and the properties have been delivered to the purchasers pursuant to the sale agreements, and collectability of related receivables is reasonably assured.

Deposits and installments received on properties sold prior to the date of revenue recognition are included in current liabilities.

(b) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.21 Revenue recognition *(Continued)*

(c) Sales of goods – retail

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

(d) Sales of services

Revenue from provision of services is recognised in the accounting period in which the services are rendered.

2.22 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.23 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the leasor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the leasor), are charged to the income statement on a straight-line basis over the period of the lease.

2.24 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight- line basis over the expected lives of the related assets.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.26 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks on behalf of certain purchasers of the Group's properties to secure mortgage loans.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC only, with most transactions denominated in RMB. Therefore, the Group does not have significant exposure to foreign exchange risk. The conversion of RMB into foreign currencies is subjected to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk, which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. The Group closely monitors the trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements to hedge its exposure to interest rate risk, but will consider hedging interest rate risk should the need arise.

At 31 December 2015, if interest rates of borrowings obtained at variable rates had increased/decreased by 10% (approximately 70 basis points) with all other variables held constant, the Group's post-tax profit for the year, after taking into account the impact of interest capitalisation, would have decreased/increased by approximately RMB14,551,000 (2014:RMB18,379,000).

(b) Credit risk

The Group is exposed to credit risk in its restricted bank deposits, cash and cash equivalents, and trade and other receivables.

Substantially all of the Group's cash and cash equivalents, and restricted cash are held all in major financial institutions located in the PRC, which management believes are of high credit quality as majority of them are held in state-owned banks. There was no recent history of default of cash and cash equivalents, and restricted cash from such financial institutions/authority.

The Group's trade receivable balances are due from third party customers as a result of sales of goods. The Group's other receivables are mainly due from third parties. The Group performs ongoing credit evaluations of the financial condition of its customers/debtors on an individual basis, taking into accounts their financial position, past experience and other factors, and generally does not require collateral from the customers/debtors' account on the outstanding balances. Based on the expected realisation and timing for collection of the outstanding balances, the Group maintains a provision for doubtful accounts and actual losses incurred have been within management's expectation, and management believes that there is no material credit risk inherent in the Group's outstanding receivable balances.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(Continued)*

(c) *Liquidity risk*

Cash flow forecasting is performed in the operating entities of the Group in and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2015					
Borrowings (including interest)	**6,017,416**	**4,533,923**	**10,706,841**	**5,175,286**	**26,433,466**
Trade and other payables *(Note 11)*	**5,623,682**	**–**	**–**	**–**	**5,623,682**
Financial Guarantee *(Note33)*	**3,424,501**	**–**	**–**	**–**	**3,424,501**
Total	**15,065,599**	**4,533,923**	**10,706,841**	**5,175,286**	**35,481,649**
At 31 December 2014					
Borrowings (including interest)	3,466,369	5,613,377	7,502,536	3,206,367	19,788,649
Trade and other payables *(Note 11)*	4,156,969	–	–	–	4,156,969
Financial Guarantee *(Note33)*	2,479,591	–	–	–	2,479,591
Total	10,102,929	5,613,377	7,502,536	3,206,367	26,425,209

3. FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners, return capital to owners, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

The asset-liability ratios at 31 December 2015 and 2014 were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Asset-liability ratio	**68%**	64%

There is no significant change in the asset-liability ratios.

3.3 Fair value estimation

Other than investment properties, the Group has no other assets that carried at fair value. The different levels regarding fair value determination have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Details of the fair value of investment properties have been disclosed in Note 7.

The carrying amounts of the Group's financial assets and financial liabilities approximated their fair values due to their short maturities, except the long term borrowings which are described in Note 23.

As described in Note 4.2(a), the fair value of the financial guarantee is considered not to be significant.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Income taxes

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses in the period in which such determination is made.

(b) Land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation tax calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses in the periods in which such taxes are finalised with local tax authorities.

(c) Estimate of impairment of properties under development

Property under development is reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of estimated selling price of the properties in the ordinary course of business, less estimated costs to complete the development of properties and applicable variable selling expenses and carrying amount of the properties under development. Management makes judgements on whether such events or changes in circumstances have occurred, and makes estimates mainly for selling price and cost to complete the development of the properties in determining the recoverable amount.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(d) *Estimate of construction cost of completed properties held for sale*

The Group makes estimations on properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detail budgetary information as developed by the management, and will be assessed periodically, as the constructions progresses. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognized.

(e) *Estimate of fair value of investment properties*

The fair values of investment properties owned by the Group are assessed annually by an independent professional valuer. Details of the judgement and assumptions have been disclosed in Note 7.

4.2 Critical judgements in applying the entity's accounting policies

(a) *Revenue recognition*

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 2.21. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in note 33, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will expire when relevant property ownership certificates are lodged with the various banks by the purchasers. In order to obtain mortgages, the purchasers would have settled certain percentage of the total contract amount in accordance with related PRC regulations upon delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, there were no significant defaults of mortgage facilities by the purchasers resulted in the bank guarantees were called upon. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

5. SEGMENT INFORMATION

Management has determined the operating segments based on the internal reports reviewed by the Board, being the major body in making operation decisions, for assessing the operating performance and resources allocation.

The Board considers the business from a product/service perspective. From a product/service perspective, management assesses the performance of development properties, investment properties and hotels and commercial properties. Development properties are the segment which involves the sales of developed properties; investment properties and hotels are the segment which involves in operation of rental apartment, office building, conference center, and hotels; and commercial properties are the segment which involves the operation of retail business in supermarkets and shopping centers.

Other business of the Group mainly comprises property management, restaurant and recreation operations, the sales of which have not been included within the reportable operating segments, as they are not included within the reports provided to the Board.

The Board assesses the performance of the operating segments based on a measure of adjusted profit before income tax based on assumptions that investment properties are measured at cost and certain assets injected by the state-owned shareholder are measured at the revaluated costs. This measurement basis mainly excludes the fair value gains on investment properties and includes land appreciation taxes and the depreciation of investing properties. Other information provided, except as noted below, to the Board is measured in a manner consistent with that in the financial statements.

Total assets mainly exclude deferred tax assets, corporate cash and loans granted, which are managed on a centralised basis; the investment properties are measured at cost; certain assets injected by the state-owned shareholder are measured at the revaluated cost. These are part of the reconciliation to total balance sheet assets.

Total liabilities mainly exclude deferred tax liabilities, corporate borrowings and other corporate liabilities, all of which are managed on a centralised basis. These are part of the reconciliation to total balance sheet liabilities.

5. SEGMENT INFORMATION *(CONTINUED)*

Revenue consists of sales from development properties, investment properties and hotels and commercial properties segments. Revenues recognised during the years ended 31 December 2015 and 31 December 2014 are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Revenue		
Development properties	**4,527,036**	3,709,222
Investment properties and hotels	**2,322,017**	2,112,147
Commercial properties	**232,124**	288,645
	7,081,177	6,110,014
All other segments	**104,796**	123,609
	7,185,973	6,233,623

Other segments of the Group mainly comprise property management, restaurant and recreation operations, none of which constitutes a separately reportable segment.

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

Business segment	**Development properties** ***RMB'000***	**Investment properties and hotels** ***RMB'000***	**Commercial properties** ***RMB'000***	**All other segments** ***RMB'000***	**Total Group** ***RMB'000***
Total revenues	**4,527,584**	**2,342,034**	**232,124**	**142,912**	**7,244,654**
Inter-segment revenues	**(548)**	**(20,017)**	**–**	**(38,116)**	**(58,681)**
Revenues (from external customers)	**4,527,036**	**2,322,017**	**232,124**	**104,796**	**7,185,973**
Profit/(losses) before income tax	**716,009**	**680,266**	**(17,868)**	**(17,505)**	**1,360,902**
Depreciation and amortization	**3,403**	**283,999**	**39,187**	**3,993**	**330,582**
Finance income	**12,353**	**4,397**	**838**	**1,873**	**19,461**
Finance expenses	**–**	**–**	**–**	**–**	**–**
Share of loss from investments accounted for using the equity method	**–**	**–**	**–**	**–**	**–**
Adjusted income tax expenses	**469,425**	**170,639**	**(2,339)**	**(4,346)**	**633,379**

5. SEGMENT INFORMATION *(CONTINUED)*

The segment information provided to the Board for the reportable segments for the year ended 31 December 2014 is as follows:

Business segment	Development properties *RMB'000*	Investment properties and hotels *RMB'000*	Commercial properties *RMB'000*	All other segments *RMB'000*	Total Group *RMB'000*
Total revenues	3,711,001	2,121,274	288,645	177,442	6,298,362
Inter-segment revenues	(1,779)	(9,127)	–	(53,833)	(64,739)
Revenues (from external customers)	3,709,222	2,112,147	288,645	123,609	6,233,623
Profit/(losses) before income tax	687,102	555,547	5,011	(22,910)	1,224,750
Depreciation and amortization	3,136	274,645	39,350	6,069	323,200
Finance income	9,963	3,713	1,129	2,602	17,407
Finance expenses	–	–	–	–	–
Share of loss from investments accounted for using the equity method	–	–	–	–	–
Adjusted income tax expenses	618,660	138,887	3,749	(3,731)	757,565

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated income statement.

5. SEGMENT INFORMATION *(CONTINUED)*

The segment information as at 31 December 2015 and 31 December 2014 is as follows:

Business segment	Development properties	Investment properties and hotels	Commercial properties	All other segments	Total Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2015					
Total segments' assets	**34,663,509**	**7,591,690**	**442,848**	**121,006**	**42,819,053**
Total assets include:	**–**	**–**	**–**	**–**	**–**
Investments accounted for using the equity method	**–**	**–**	**–**	**–**	**–**
Additions to non-current assets (other than deferred tax assets)	**6,398**	**175,961**	**196**	**25,729**	**208,284**
Total segments' liabilities	**27,912,062**	**3,329,362**	**160,889**	**190,361**	**31,592,674**
As at 31 December 2014					
Total segments' assets	27,603,945	5,903,706	1,060,336	111,163	34,679,150
Total assets include:					
Investments accounted for using the equity method	–	–	–	–	–
Additions to non-current assets (other than deferred tax assets)	2,564	1,359,688	302	9,088	1,371,642
Total segments' liabilities	19,247,179	3,276,657	193,154	218,452	22,935,442

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

Certain interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the treasury function.

5. SEGMENT INFORMATION *(CONTINUED)*

Reportable segments' profit before income tax is reconciled to total profit before income tax as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before income tax for reportable segments	**1,360,902**	1,224,750
Corporate overheads	**(110,560)**	(89,459)
Corporate finance costs	**(438,763)**	(366,301)
Corporate finance income	**52,223**	24,955
Share of loss from investments accounted for using the equity method	**(56)**	(669)
Fair value gains on investment properties	**22,420**	161,206
Reversal of depreciation of investment properties	**172,285**	167,432
Land appreciation tax	**283,119**	443,876
Others	**3,580**	3,580
Profit before income tax	**1,345,150**	1,569,370

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

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Total segments' assets	**42,819,053**	34,679,150
Deferred income tax assets *(Note 24)*	**210,306**	172,932
Corporate cash	**3,955,376**	2,525,613
Interest in investments accounted for using the equity method	**14,705**	28,398
Loans granted *(Note 16)*	**413,697**	277,500
Aggregated fair value gains on investment properties	**5,449,115**	5,301,646
Reversal of accumulated depreciation of investment properties	**1,669,583**	1,497,296
Others	**(4,513)**	(8,093)
Total assets per balance sheet	**54,527,322**	44,474,442
Total segments' liabilities	**31,592,673**	22,935,442
Deferred income tax liabilities *(Note 24)*	**1,778,548**	1,697,714
Corporate borrowings	**3,252,423**	3,237,437
Other corporate liabilities	**699,144**	437,185
Total liabilities per balance sheet	**37,322,788**	28,307,778

5. SEGMENT INFORMATION *(CONTINUED)*

The reconciliation of the Group's depreciation and amortisation for reportable segments and corresponding amount per disclosure for property, plant and equipment (Note 8) and land use rights (Note 6) are mainly reversal of depreciation of investment properties and other related adjustments amounting to RMB172,285,000 (2014: RMB167,400,000).The Company and its subsidiaries were incorporated in the PRC and all the revenue from external customers of the Group are derived in the PRC for the year ended 31 December 2015 and 2014.

The reconciliation of reportable segments' income tax expenses and total income tax expenses is amounting to RMB72,281,000 (2014: RMB24,552,000), impacted by aforementioned reconciliation items including corporate overheads, corporate financial costs, corporate financial income, fair value gains on investment properties, reversal of depreciation of investment properties and others.

At 31 December 2015 and 2014, all the Group's non-current assets other than deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) are located in the PRC.

The Group has a large number of customers, and there is no significant revenue derived from specific external customers for the year ended 31 December 2015 and 2014.

6. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net carrying amounts are analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**329,122**	1,011
Additions	**–**	328,143
Amortisation	**(8,652)**	(32)
At 31 December	**320,470**	329,122

As at 31 December 2015, certain land use rights with net book value of RMB319,523,000 (2014: 328,143,000) are pledged as securities for bank and other borrowings (Note 23).

7. INVESTMENT PROPERTIES

	2015 RMB'000	2014 RMB'000
At fair value		
At 1 January	**11,574,900**	11,339,000
Additions	**101,359**	74,694
Disposal	**(9)**	–
Transfer from owner-occupied property and completed properties held for sale	**572,581**	–
Fair value gains charged into income statement	**22,420**	161,206
Fair value gains charged into statement of comprehensive income	**125,049**	–
At 31 December	**12,396,300**	11,574,900

(a) Amounts recognised in income statement for investment properties

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Rental income	**1,498,638**	1,433,830
Direct operating expenses arising from investment properties that generate rental income	**(294,709)**	(297,681)
Direct operating expenses that did not generate rental income	**(258,112)**	(300,319)
	945,817	835,830

The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties (Note 24).

7. INVESTMENT PROPERTIES *(CONTINUED)*

(b) Valuation basis

An independent valuation of the Group's investment properties was performed by the valuer, Greater China Appraisal Limited, to determine the fair value of the investment properties as at 31 December 2015 and 2014. The following table analyses the investment properties carried at fair value, by valuation method.

(i) Fair value hierarchy

	Fair value measurements at 31 December using significant unobservable inputs (Level 3)	
	2015	2014
	RMB'000	*RMB'000*
Recurring fair value measurements		
Investment properties:		
Office units	**5,873,300**	5,805,900
Apartments	**1,748,000**	1,690,000
Convention centers	**3,386,000**	3,343,000
Shopping malls	**1,389,000**	736,000
	12,396,300	11,574,900

All of the Group's investment properties are located in Beijing, the PRC and classified as level 3.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

7. INVESTMENT PROPERTIES *(CONTINUED)*

(b) Valuation basis *(Continued)*

(ii) Valuation processes of the Group

The Group's investment properties were valued on 31 December 2015 by the independent professionally qualified valuer who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2015 and 2014, the fair values of the properties have been determined by Greater China Appraisal Limited.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

Changes in Level 3 fair values are analyzed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

(iii) Valuation techniques

For office units, apartments and shopping malls, the valuations were based on income capitalisation approach (term and reversionary method) which largely used observable inputs (e.g. market rent, yield, etc.) and taking into account the significant adjustment on term yield to account for the risk upon reversionary and the estimation in vacancy rate after expiry of current lease.

7. INVESTMENT PROPERTIES *(CONTINUED)*

(b) Valuation basis *(Continued)*

(iii) Valuation techniques (Continued)

For convention centers, the valuation was determined using discounted cash flow projections based on significant unobservable inputs. These input include:

Future rental cash inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties;
Discount rates	Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	Based on current and expected future market conditions after expiry of any current lease;
Maintenance costs	Including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date;
Terminal value	Taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

There were no changes to the valuation techniques during the year.

7. INVESTMENT PROPERTIES *(CONTINUED)*

(b) Valuation basis *(Continued)*

(iv) Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2015 *(RMB'000)*	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment properties-office units, apartments, and shopping malls	**9,010,300**	Income approach (term and reversionary method)	Adjustment on term yield	1% to 2% downward adjustment on the reversion yield	The higher the adjustment on term yield, the lower the fair value
			Reversionary yield	From 9% to 19.5%	The higher the reversionary yield, the lower the fair value
Investment properties-convention centers	**3,386,000**	Discounted cash flow	Rental value	RMB5.3–7.0/sq.m/day	The higher the rental value, the higher the fair value
			Discount rate	13.5%–17.5%	The higher the discount rate, the lower the fair value

Description	Fair value at 31 December 2014 *(RMB'000)*	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment properties-office units, apartments, and shopping malls	8,231,900	Income approach (term and reversionary method)	Adjustment on term yield	1% to 2% downward adjustment on the reversion yield	The higher the adjustment on term yield, the lower the fair value
			Reversionary yield	From 9% to 19.5%	The higher the reversionary yield, the lower the fair value
Investment properties-convention centers	3,343,000	Discounted cash flow	Rental value	RMB4.8–6.9/sq.m/day	The higher the rental value, the higher the fair value
			Discount rate	13.5%–17.5%	The higher the discount rate, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields.

7. INVESTMENT PROPERTIES *(CONTINUED)*

(c) Non-current assets pledged as security

As at 31 December 2015, certain investment properties with fair value of RMB12,246,000,000 (2014: RMB11,415,000,000) were pledged as securities for bank and other borrowings (Note 23).

8. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Hotel properties	Plant and machinery	Furniture, fixtures, equipment and motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014						
Cost	918,990	1,544,159	384,424	401,024	27,470	3,276,067
Accumulated depreciation	(210,159)	(477,681)	(246,175)	(267,132)	–	(1,201,147)
Net book amount	708,831	1,066,478	138,249	133,892	27,470	2,074,920
Year ended 31 December 2014						
Opening net book amount	708,831	1,066,478	138,249	133,892	27,470	2,074,920
Additions	–	–	21,125	67,694	34,015	122,834
Disposals	–	–	(2,180)	(778)	–	(2,958)
Transfers	–	30,275	17,460	863	(48,598)	–
Acquisition of a subsidiary	–	–	–	615	–	615
Transfer from completed properties held for sale	–	729,027	120,256	–	–	849,283
Depreciation *(Note 25)*	(28,427)	(33,013)	(49,413)	(46,185)	–	(157,038)
Closing net book amount	680,404	1,792,767	245,497	156,101	12,887	2,887,656
At 31 December 2014						
Cost	918,990	2,303,461	541,085	469,418	12,887	4,245,841
Accumulated depreciation	(238,586)	(510,694)	(295,588)	(313,317)	–	(1,358,185)
Net book amount	680,404	1,792,767	245,497	156,101	12,887	2,887,656

8. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

	Buildings	Hotel properties	Plant and machinery	Furniture, fixtures, equipment and motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2015						
Opening net book amount	680,404	1,792,767	245,497	156,101	12,887	2,887,656
Additions	–	49,029	9,458	22,726	10,626	91,839
Disposals	–	–	(868)	(348)	–	(1,216)
Transfers	–	2,224	(60,772)	71,608	(13,060)	–
Acquisition of a subsidiary	–	–	7	–	–	7
Transfer to investment properties	(555,373)	–	–	–	–	(555,373)
Depreciation	(18,194)	(51,281)	(38,976)	(42,310)	–	(150,761)
Closing net book amount	106,837	1,792,739	154,346	207,777	10,453	2,272,152
At 31 December 2015						
Cost	363,617	2,354,714	488,910	563,404	10,453	3,781,098
Accumulated depreciation	(256,780)	(561,975)	(334,564)	(355,627)	–	(1,508,946)
Net book amount	106,837	1,792,739	154,346	207,777	10,453	2,272,152

Depreciation expense of RMB100,634,000 (2014: RMB93,417,000) has been charged in cost of sales, RMB6,519,000 (2014: RMB5,551,000) in selling and marketing expenses and RMB43,608,000 (2014: RMB58,070,000) in administrative expenses in the consolidated income statement.

As at 31 December 2015, certain hotel properties with net book value of RMB1,786,464,000 (2014: RMB1,495,963,000) are pledged as securities for bank and other borrowings (Note 23).

9. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2015. All subsidiaries are established and operate in the PRC.

Name	Place of incorporation	Principal activities and place of operation	Registered capital	Group equity interest held directly	Group equity interest held indirectly	Non-controlling interests
Beijing North Star Real Estate Development Co., Limited 北京北辰房地產開發股份有限公司 ("BNSRE") *(Note i)*	Beijing	Property development in Beijing	RMB500,180,000	99.05%	–	0.95%
Beijing North Star Lu Zhou Commercial Trading Co., Limited 北京北辰綠洲商貿有限公司 *(Note iii) (Note xi)*	Beijing	Trading in Beijing	RMB1,000,000	80%	20%	–
Beijing Wuzhou Miller Beer Garden Restaurant Joint Venture Co., Limited 北京五洲美樂啤酒餐廳有限公司 *(Note ii) (Note xi)*	Beijing	Restaurant operation in Beijing	US$1,346,000	59.81%	–	40.19%
Beijing North Star Xin Cheng Property Management Co., Limited 北京北辰信誠物業管理有限責任公司 *(Note iii) (Note xi)*	Beijing	Property management in Beijing	RMB5,000,000	80%	20%	–
Beijing Jiang Zhuang Hu Property Co., Limited 北京姜莊湖園林別墅開發有限公司 ("BJJZH") *(Note ii) (Note xi)*	Beijing	Property development in Beijing	US$16,000,000	–	51%	49%
Beijing Tian Cheng Tian Property Co., Limited 北京天成天房地產開發有限公司 *(Note iii) (Note xi)*	Beijing	Property development in Beijing	RMB11,000,000	5%	95%	–
Beijing North Star Xintong Internet Technology Service Co., Limited 北京北辰信通網絡技術服務有限公司 *(Note iii) (Note xi)*	Beijing	Multimedia information network development, system integration and software development	RMB20,000,000	–	100%	–
Changsha North Star Real Estate Development Co., Limited 長沙北辰房地產開發有限公司 *(Note iii)*	Changsha	Property development	RMB1,200,000,000	100%	–	–

9. SUBSIDIARIES *(CONTINUED)*

Name	Place of incorporation	Principal activities and place of operation	Registered capital	Group equity interest held directly	Group equity interest held indirectly	Non-controlling interests
Beijing North Star Supermarket Chain Co., Limited 北京北辰超市連鎖有限公司 *(Note iii)* *(Note xi)*	Beijing	Retail	RMB10,000,000	100%	–	–
Beijing North Star Hotel Management Co., Limited 北京北辰酒店管理有限公司 *(Note iii)* *(Note xi)*	Beijing	Hotel and restaurant management consulting service	RMB500,000	100%	–	–
Beijing North Star Convention Group Co., Limited ("BNSCG") 北京北辰會展集團有限公司 *(Note iii)* *(Note xi)*	Beijing	Convention and exhibition	RMB63,196,100	100%	–	–
Changsha Central Garden Real Estate Co., Limited 長沙世紀禦景房地產有限公司 *(Note iii)*	Changsha	Property development in Changsha	RMB10,410,000	51%	–	49%
Hangzhou North Star Real Estate Co., Limited 杭州北辰置業有限公司 *(Note iii)*	Hangzhou	Property development in Hangzhou	RMB50,000,000	70%	–	30%
Beijing North Star MOMA Real Estate Co., Limited 北京北辰當代置業有限公司 *(Note iii)*	Beijing	Property development in Beijing	RMB50,000,000	50%	–	50%
Wuhan Guanggu Creative Culture Science & Technology Park Co., Limited ("WHGG") 武漢光谷創意文化科技園有限公司 *(Note iii)* *(Note iv)*	Wuhan	Property development in Wuhan	RMB40,816,000	51%	–	49%
Suzhou North Star Xuzhao Real Estate Co., Limited ("SZNS") 蘇州北辰旭昭置業有限公司 *(Note ii)* *(Note v)*	Suzhou	Property development in Suzhou	RMB700,000,000	50%	–	50%
Nanjing Xuchen Real Estate Co., Limited ("NJXC") 南京旭辰置業有限公司 *(Note iii)* *(Note vi)* *(Note xi)*	Nanjing	Property development in Nanjing	RMB50,000,000	51%	–	49%

9. SUBSIDIARIES *(CONTINUED)*

Name	Place of incorporation	Principal activities and place of operation	Registered capital	Group equity interest held directly	Group equity interest held indirectly	Non-controlling interests
Hangzhou Chenxu Real Estate Co., Limited ("HZCX") 杭州辰旭置業有限公司 *(Note iii) (Note vii) (Note xi)*	Hangzhou	Property development in Hangzhou	RMB5,000,000	50%	–	50%
Chengdu North Star Real Estate Co., Limited ("CDNS") 成都北辰置業有限公司 *(Note iii) (Note viii) (Note xi)*	Chengdu	Property development in Chengdu	RMB50,000,000	100%	–	–
Langfang North Star Real Estate Co., Limited ("LFNS") 廊坊市北辰房地產開發有限公司 *(Note iii) (Note ix) (Note xi)*	Langfang	Property development in Langfang	RMB31,000,000	100%	–	–
Chengdu Chenshi Real Estate Co., Limited ("CDCS") 成都辰詩置業有限公司 *(Note iii) (Note x) (Note xi)*	Chengdu	Property development in Chengdu	RMB70,000,000	40%	–	60%

The English translation of above companies' name is for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

(i) BNSRE is a joint stock limited Company. A joint stock limited Company is a Company having a registered share capital divided into shares of equal par value.

(ii) These companies are equity joint ventures. Equity joint ventures are sino-foreign joint ventures of which the partners' capital contribution ratios are defined in the joint venture contracts and the partners' profit-sharing ratios are in proportion to the capital contribution ratios.

(iii) These companies are limited liability companies.

(iv) In October 2015, the Company acquired 51% of equity interest in WHGG. After the transaction, WHGG became a subsidiary of the Group. WHGG had no business activities except for the holding of a certain land use rights at the time of acquisition. The sole intention of the Group to acquire WHGG is for its underlying core assets. Accordingly, the Group accounted for this acquisition of subsidiary as an asset acquisition.

(v) In October 2015, the Company established a subsidiary, SZNS by investing RMB350,000,000 or 50% of the total paid in capital of SZNS. SZNS is a sino-foreign joint venture incorporated in the PRC and engaged mainly in property development in Suzhou, the PRC.

9. SUBSIDIARIES *(CONTINUED)*

(vi) In August 2015, the Company established a subsidiary, NJXC by investing RMB25,500,000 or 51% of the total paid in capital of NJXC. NJXC is a limited liability company incorporated in the PRC and engaged mainly in property development in Nanjing, the PRC.

(vii) In May 2015, the Company established a subsidiary, HZCX by investing RMB2,500,000 or 50% of the total paid in capital of HZCX. HZCX is a limited liability company incorporated in the PRC and engaged mainly in property development in Hangzhou, the PRC.

(viii) In December 2015, the Company established a wholly owned subsidiary, CDNS. CDCS is a limited liability company incorporated in the PRC and engaged mainly in property development in Chengdu, the PRC. As at 31 December 2015, no capital injection has been made.

(ix) In December 2015, the Company established a wholly owned subsidiary, LFNS. LFNS is a limited liability company incorporated in the PRC and engaged mainly in property development in Langfang, the PRC. As at 31 December 2015, no capital injection has been made.

(x) In May 2015, the Company established a subsidiary, CDCS with the other two investors by investing RMB28,000,000 or 40% of the total paid in capital of CDCS. CDCS is a limited liability company incorporated in the PRC and engaged mainly in property development in Chengdu, the PRC.

(xi) Subsidiaries not audited by PricewaterhouseCoopers. The aggregate net assets of subsidiaries not audited by PricewaterhouseCoopers amounted to approximately 5.39% of the Group's total net assets.

(a) Material non-controlling interests

The total non-controlling interest for the period is RMB23,365,000, of which RMB49,520,000 is for BJJZH. The total non-controlling interest in respect of other subsidiaries is not material.

Cash and short-term deposits of RMB457,383,000 (2014:538,454,000) are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

9. SUBSIDIARIES *(CONTINUED)*

(a) Material non-controlling interests *(Continued)*

Summarized balance sheet

(i) BJJZH

	As at 31 December 2015 RMB'000	2014 RMB'000
Current		
Assets	**698,357**	1,016,562
Liabilities	**350,120**	784,000
Total current net assets	**348,237**	232,562
Non-current		
Assets	**27,239**	45,350
Liabilities	**–**	–
Total non-current net assets	**27,239**	45,350
Net assets	**375,476**	277,912

(ii) SZNS

	As at 31 December 2015 RMB'000
Current	
Assets	**1,025,056**
Liabilities	**325,246**
Total current net assets	**699,810**
Non-current	
Assets	**48**
Liabilities	**–**
Total non-current net assets	**48**
Net assets	**699,858**

9. SUBSIDIARIES *(CONTINUED)*

(a) Material non-controlling interests *(Continued)*

Summarized statement of comprehensive income

(i) BJJZH

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	**418,201**	593,665
Profit before income tax	**252,862**	330,848
Income tax expense	**151,801**	206,419
Post-tax profit	**101,061**	124,429
Other comprehensive income	**–**	–
Total comprehensive income	**101,061**	124,429
Total comprehensive income allocated to non- controlling interests	**49,520**	60,970
Dividends paid to non-controlling interests	**–**	–

(ii) SZNS

	Period from 26 October 2015 (Establishment date) to 31 December 2015 RMB'000
Revenue	**–**
Loss before income tax	**(190)**
Income tax expense	**48**
Post-tax loss	**(142)**
Other comprehensive income	**–**
Total comprehensive loss	**(142)**
Total comprehensive loss allocated to non- controlling interests	**(71)**
Dividends paid to non-controlling interests	**–**

9. SUBSIDIARIES *(CONTINUED)*

(a) Material non-controlling interests *(Continued)*

Summarized cash flows

(i) BJJZH

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from operating activities		
Cash generated from operations	**45,721**	115,339
Income tax paid	**(211,988)**	(92,263)
Net cash (used in)/generated from operating activities	**(166,267)**	23,076
Net cash used in investing activities	**(2)**	(193,580)
Net cash used in financing activities	**–**	(5,084)
Net decrease in cash and cash equivalents	**(166,269)**	(175,588)
Cash and cash equivalents at beginning of the year	**538,454**	714,042
Exchange gains on cash and cash equivalents	**–**	–
Cash and cash equivalents at end of the year	**372,185**	538,454

(ii) SZNS

	Period from 26 October 2015 (Establishment date) to 31 December 2015 RMB'000
Cash flows from operating activities	
Cash used in operations	**(960,118)**
Net cash used in operating activities	**(960,118)**
Net cash used in investing activities	**–**
Net cash generated from financing activities	**960,373**
Net increase in cash and cash equivalents	**255**
Cash and cash equivalents at beginning of the period	**–**
Exchange gains on cash and cash equivalents	**–**
Cash and cash equivalents at end of the period	**255**

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	2015 RMB'000	2014 RMB'000
Associates	**6,550**	6,484
Joint ventures	**8,155**	21,914
At 31 December	**14,705**	28,398

The amounts recognised in the income statement are as follows:

	2015 RMB'000	2014 RMB'000
Associates	**(121)**	(83)
Joint ventures	**(6,710)**	(586)
For the year ended 31 December	**(6,831)**	(669)

(a) Investments in associates

Set out below is the associate of the Group as at 31 December 2015, which in the opinion of the directors, is material to the Group. The associate as listed below has registered capital which is held directly by the Group, the country of incorporation or registration is also their principal place of business.

Nature of investment in associate as at 31 December 2015

Name of entity	Place of business	% of ownership interest	Nature of the relationship	Measurement method
Hangzhou Xufa Real Estate Co., Limited("HZXF") 杭州旭發置業有限公司	Hangzhou, the PRC	50%	*Note (i)*	Equity

(i) In May 2015, the Company established an associate, HZXF by investing RMB2,500,000, or 50% of the total paid in capital of HZXF, and HZXF is accounted for as an associate of the Group. HZXF is a limited liability Company incorporated in the PRC and engaged mainly in property development in Hangzhou, the PRC.

There are no contingent liabilities relating to the Group's interest in the associates.

Summarised financial information for associate

Set out below are the summarised financial information for HZXF which is accounted for using the equity method.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(a) Investments in associates *(CONTINUED)*

Summarised balance sheet

	As at 31 December 2015 RMB'000
Current	
Cash	4,997
Other current assets (excluding cash)	272,268
Total current assets	277,265
Financial liabilities (excluding trade payables)	272,395
Other current liabilities (including trade payables)	–
Total current liabilities	272,395
Net assets	4,870

Summarised statement of comprehensive income

	Period from 15 May 2015 (Establishment date) to 31 December 2015 RMB'000
Revenue	–
Other expenses	(138)
Interest income	8
Loss before income tax expense	(130)
Income tax expense	–
Post-tax loss	(130)
Other comprehensive income	–
Total comprehensive loss	(130)
Dividends received from associate	–

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(a) Investments in associates *(CONTINUED)*

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in HZXF.

Summarised financial information

	2015
	RMB'000
Opening net assets 15 May (Establishment date)	**5,000**
Loss for the period	**(130)**
Other Comprehensive Income	**–**
Closing net assets	**4,870**
Interest in associate (50%)	**2,435**
Adjusted for eliminations resulting from upstream transactions	**(2,314)**
Carrying value	**121**

(b) Investment in joint venture

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**21,914**	–
Additions	**–**	22,500
Share of loss		
– loss after taxation	**(13,759)**	(586)
At 31 December	**8,155**	21,914

Set out below is a joint venture of the Group as at 31 December 2015, which, in the opinion of the directors, is material to the Group. The joint venture as listed below has registered capital which is held directly by the Group; the place of incorporation or registration is also their principal place of business.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(b) Investment in joint venture *(Continued)*

Nature of investment in joint venture as at 31 December 2015 and 2014

Name of entity	Place of business	% of ownership interest	Nature of the relationship	Measurement method
Wuhan Modern Land North Star Real Estate Co., Limited ("WHML") 武漢當代北辰置業有限公司	Wuhan, the PRC	45%	*Note(i)*	Equity

(i) WHML engaged mainly in property development in Wuhan, the PRC. WHML is strategic for the Group's growth in the second or third tier cities.

There are no contingent liabilities relating to the Group's interest in the joint venture.

Summarised financial information for joint venture

Set out below is the summarised financial information for WHML which is accounted for using the equity method.

Summarised balance sheet

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current		
Cash	**90,162**	10,039
Other current assets (excluding cash)	**870,664**	674,984
Total current assets	**960,826**	685,023
Financial liabilities (excluding trade payables)	**922,702**	637,113
Other current liabilities (including trade payables)	**5,422**	35
Total current liabilities	**928,124**	637,148
Non-current		
Assets	**1,084**	823
Net assets	**33,786**	48,698

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(b) Investment in joint venture *(Continued)*

Summarised statement of comprehensive income

	Year ended 31 December 2015 *RMB'000*	Period from 15 August 2014 (Establishment Date) to 31 December 2014 *RMB'000*
Revenue	**–**	–
Depreciation and amortization	**(90)**	(3)
Other expenses	**(14,953)**	(1,323)
Interest income	**131**	25
Interest expense	**–**	(1)
Loss before income tax expense	**(14,912)**	(1,302)
Income tax expense	**–**	–
Post-tax loss	**(14,912)**	(1,302)
Other comprehensive income	**–**	–
Total comprehensive loss	**(14,912)**	(1,302)
Dividends received from joint venture	**–**	–

The information above reflects the amounts presented in the financial statements of the joint venture (and not Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in WHML.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(CONTINUED)*

(b) Investment in joint venture *(Continued)*

Summarised financial information

	2015 *RMB'000*	2014 *RMB'000*
Opening net assets 1 January 2015/15 August 2014 (Establishment Date)	**48,698**	50,000
Loss for the year/period	**(14,912)**	(1,302)
Closing net assets	**33,786**	48,698
Interest in joint venture (45%)	**15,204**	21,914
Adjusted for eliminations resulting from upstream transactions	**(7,049)**	–
Carrying value	**8,155**	21,914

11. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables	
	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Assets as per balance sheet		
Trade and other receivables excluding prepaid tax and other prepayments *(Note 16)*	**642,954**	474,314
Restricted bank deposits *(Note 17)*	**471,236**	257,157
Cash and cash equivalents *(Note 18)*	**6,104,157**	4,052,623
	7,218,347	4,785,094

11. FINANCIAL INSTRUMENTS BY CATEGORY *(CONTINUED)*

	Other Financial liabilities at amortised cost	
	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Liabilities as per balance sheet		
Trade and other payables *(a)*	**5,623,682**	4,156,969
Borrowings *(Note 23)*	**21,735,778**	16,109,974
	27,359,460	20,266,943

(a) The above trade and other payables comprise trade payables, dividends payable to non-controlling interests of a subsidiary, accrued construction costs, amounts due to non-controlling interests, accrued properties under development costs, accrued interest and other payables excluding statutory liabilities.

12. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

Trade receivables

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables that are neither past due nor impaired		
Counterparties without external credit rating		
– Group 1	**8,598**	20,818
– Group 2	**11,783**	15,562
	20,381	36,380

Group 1 – new third party customers (less than 12 months).

Group 2 – existing third party customers (more than 12 months) with no defaults in the past.

Credit qualities of other receivables, cash and cash equivalents and restricted cash deposits of the Group are discussed in Note 3.1(b).

None of the financial assets that are fully performing has been renegotiated in 2015 (2014: Nil).

13. PROPERTIES UNDER DEVELOPMENT

	2015 RMB'000	2014 RMB'000
As at 1 January	**16,100,770**	18,287,947
Addition	**10,029,592**	6,860,053
Transfer to completed properties held for sale *(Note 14)*	**(3,164,063)**	(9,047,230)
As at 31 December	**22,966,299**	16,100,770

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Land use rights	**15,287,217**	9,137,427
Development costs and capitalised expenditure	**5,323,392**	5,201,891
Finance costs capitalised	**2,355,690**	1,761,452
	22,966,299	16,100,770

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Land use rights		
In PRC, held on leases of:		
Between 40–50 years	**1,196,538**	1,643,660
Over 50 years	**14,090,679**	7,493,767
	15,287,217	9,137,427

As at 31 December 2015, certain properties under development with net book value of RMB12,506,205,000 (2014: RMB8,258,241,000) are pledged as securities for bank and other borrowings (Note 23).

The carrying amount of the properties under development that are expected to be completed and available for sales more than twelve months after the balance sheet date are RMB17,401,503,000. The remaining balance is expected to be completed and available for sales within one year.

14. COMPLETED PROPERTIES HELD FOR SALE

	2015 RMB'000	2014 RMB'000
As at 1 January	**7,774,754**	2,199,453
Transfer from properties under development *(Note 13)*	**3,164,063**	9,047,230
Transfer to property, plant and equipment	**–**	(849,283)
Transfer to land use rights	**–**	(328,143)
Transfer to investment properties	**(17,208)**	–
Others *(a)*	**77,463**	(164,057)
Properties sold	**(2,945,885)**	(2,130,446)
As at 31 December	**8,053,187**	7,774,754

(a) Others represent the amounts adjusted arising from the difference between the final settled costs and the estimated costs originally recognized according to the budget.

	As at 31 December 2015 RMB'000	2014 RMB'000
Land use rights	**2,602,241**	2,146,626
Development costs and capitalised expenditure	**4,708,336**	5,003,768
Finance costs capitalised	**742,610**	624,360
	8,053,187	7,774,754

	As at 31 December 2015 RMB'000	2014 RMB'000
Land use rights		
In PRC, held on leases of:		
Between 40–50 years	**542,313**	692,349
Over 50 years	**2,059,928**	1,454,277
	2,602,241	2,146,626

As at 31 December 2015, completed properties held for sale of RMB1,229,098,000 (2014: RMB1,987,329,000) are pledged as securities for bank and other borrowings (Note 23).

15. OTHER INVENTORIES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Goods for resale	**46,509**	55,941
Consumables	**21,002**	22,830
Less: provision for inventories	**(244)**	(244)
	67,267	78,527

The cost of inventories recognised as expense and included in cost of sales amounted to RMB296,889,000 (2014: RMB324,324,000).

16. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**59,075**	72,588
Less: provision for impairment of receivables	**(78)**	(1,156)
Trade receivables – net	**58,997**	71,432
Other receivables	**154,093**	127,866
Less: provision for impairment of receivables	**(14,836)**	(14,723)
Other receivables – net	**139,257**	113,143
Prepaid tax	**789,560**	660,237
Receivables due from related parties (Note 35(vi))	**413,697**	277,500
Other prepayments	**218,729**	83,052
Interest receivables	**31,003**	12,239
	1,651,243	1,217,603
Less non-current portion:		
Receivables due from related parties	**–**	(277,500)
Current portion	**1,651,243**	940,103

The fair values of trade and other receivables are not materially different from their carrying amounts.

16. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Trade receivables

The majority of the Group's sales are on cash or advance basis. The remaining amounts are with credit terms of 30 to 90 days. At 31 December 2015 and 2014, the ageing analysis of the trade receivables were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
0–30 days	**18,623**	18,991
31–90 days	**3,492**	41,374
Over 90 days	**36,960**	12,223
	59,075	72,588

The credit terms in connection with sales of properties granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

Trade receivables that are less than three months past due are not considered impaired. As at 31 December 2015 and 2014, the following trade receivables were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables past due but not impaired		
0–90 days	**1,729**	23,985
Over 90 days	**36,887**	11,067
	38,616	35,052

16. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Trade receivables *(Continued)*

As at 31 December 2015 and 2014, the following trade receivables were impaired. The individually impaired receivables mainly relate to independent customers, which are in unexpected difficult economic situations. It was assessed the following receivables is not expected to be recovered and full proportion of impairment had been made. The ageing of these receivables is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables impaired		
0–90 days	**5**	–
Over 90 days	**73**	1,156
Less: provision for impairment of receivables	**(78)**	(1,156)
	–	–

Other receivables

The Group does not have formal contractual credit terms agreed with the counterparties but the other receivables are usually settled within 12 months. As a result, the Group regards any receivable balance within a 12-month credit period as not overdue. At 31 December 2015 and 2014, the ageing analysis of the other receivables were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
0–12 months	**116,155**	99,733
12–24 months	**13,902**	7,189
Over 24 months	**24,036**	20,944
	154,093	127,866

16. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Other receivables *(Continued)*

Other receivables that are less than 1 year past due are not considered impaired. As at 31 December 2015 and 2014, the following other receivables were past due but not impaired. These relate to a number of independent counterparties for whom there is no recent history of default. The ageing analysis of these other receivables is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Other receivables past due but not impaired		
12–24 months	**13,902**	7,189
Over 24 months	**9,313**	6,221
	23,215	13,410

As at 31 December 2015 and 2014, the following other receivables were impaired. The individually impaired receivables mainly relate to independent customers, which are in unexpected difficult economic situations. It was assessed the following receivables is not expected to be recovered and full proportion of impairment had been made. The ageing of these receivables is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Other receivables impaired		
0–12 months	**113**	–
Over 24 months	**14,723**	14,723
Less: provision for impairment of receivables	**(14,836)**	(14,723)
	–	–

There are no other receivables impaired with aging 12 to 24 months.

The carrying amounts of the Group's trade and other receivables are denominated in Renminbi.

16. TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Movements on the provision for impairment of trade receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**1,156**	107
Provision for impairment of receivables	**5**	1,049
Receivables written off during the year as uncollectible	**(1,083)**	–
At 31 December	**78**	1,156

Movements on the provision for impairment of other receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**14,723**	12,858
Provision for impairment of receivables	**113**	1,865
At 31 December	**14,836**	14,723

The creation and release of provision for impaired receivables net amounting to RMB118,000 created (2014: RMB2,914,000 created) have been included in administrative expenses in the consolidated income statement (Note 25). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

17. RESTRICTED BANK DEPOSITS

Restricted bank deposits include the guarantee deposits for construction of certain properties pursuant to the relevant government requirements, and the guarantee deposits as securities for certain mortgage loans to the Group's customers.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Cash at bank and on hand	**4,802,438**	2,278,090
Short-term bank deposits *(a)*	**1,301,719**	1,774,533
	6,104,157	4,052,623
Maximum exposure to credit risk	**6,103,122**	4,051,800

(a) The deposits are repayable with seven days' notice, without loss of interest earned. The effective interest rate on short-term bank deposits was 1.35% (2014: 1.35%) per annum.

The carrying amounts of cash and bank balances are denominated in the following currencies:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Renminbi	**6,097,793**	4,046,280
US dollar	**4,839**	4,909
HK dollar	**1,525**	1,434
	6,104,157	4,052,623

The Group's cash and cash equivalents denominated in Renminbi, HK dollar and US dollar are deposited with banks in the PRC. The conversion of these Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

19. SHARE CAPITAL

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Registered, issued and fully paid *(a)*	**3,367,020**	3,367,020

(a) Pursuant to the document titled "Implementation Measure for Transfer of Part of the State-owned Shares in Domestic Securities Market to the National Social Security Fund (Cai Qi [2010] No. 94) (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》(財企(2010)94號)) and announcement No. 63 of 2010 jointly issued by the Ministry of Finance of the People's Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission and the National Council for Social Security Fund ("NCSSF"), a total of 150,000,000 shares in the Company held by BNSIGC should be transferred to NCSSF. As at 31 December 2015, the transfer is still in progress and relevant shares are subjected to sales restriction. Except for this, the lock-up period for remaining shares held by BNSIGC expired, and these shares were available for trading.

20. RESERVES AND RETAINED EARNINGS

	Other reserves					
	Capital reserve	Statutory reserve fund *(a)*	Discretionary reserve fund *(b)*	Other comprehensive income	Subtotal	Retained earnings
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	**3,421,115**	**679,385**	**161,468**	**–**	**4,261,968**	**8,365,110**
Reclassification of revaluation of properties newly transferred to investment properties	**–**	**–**	**–**	**93,787**	**93,787**	**–**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**760,687**
2014 final dividends	**–**	**–**	**–**	**–**	**–**	**(202,021)**
Transfer from retained earnings	**–**	**36,531**	**–**	**–**	**36,531**	**(36,531)**
Fair value forward contract over non-controlling interest	**(45,635)**	**–**	**–**	**–**	**(45,635)**	**–**
At 31 December 2015	**3,375,480**	**715,916**	**161,468**	**93,787**	**4,346,651**	**8,887,245**

	Other reserves				
	Capital reserve	Statutory reserve fund *(a)*	Discretionary reserve fund *(b)*	Subtotal	Retained earnings
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	3,421,115	648,681	161,468	4,231,264	7,817,843
Profit for the year	–	–	–	–	779,992
2013 final dividends	–	–	–	–	(202,021)
Transfer from retained earnings	–	30,704	–	30,704	(30,704)
At 31 December 2014	3,421,115	679,385	161,468	4,261,968	8,365,110

(a) According to the respective Articles of Association, the Company and its subsidiaries established in the PRC are required to transfer 10% of their profit after taxation, as shown in the financial statements prepared under China Accounting Standards for Business Enterprises ("CAS"), which was issued by the Ministry of Finance of PRC in February 2006, to their statutory reserve fund. The statutory reserve fund can be used to offset accumulated losses or convert as share capital of the Company and the respective subsidiaries.

(b) The proposed transfer to the discretionary reserve fund is subject to approval by the shareholders in general meeting. Its usage is similar to that of the statutory reserve fund. No transfer to the discretionary reserve fund has been proposed for the years ended 31 December 2015 and 2014.

21. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Advances from customers *(a)*	**7,018,307**	5,401,732
Trade payables	**2,449,678**	2,085,977
Dividends payable to non-controlling interests of a subsidiary	**1,162**	1,162
Accrued construction costs	**437,472**	857,810
Accrued interest	**323,042**	65,383
Amounts due to non-controlling interests	**1,651,808**	517,439
Other payables	**1,096,958**	792,365
	12,978,427	9,721,868

(a) The balance mainly represents advances received from purchasers of the Group's properties to be delivered in future. The advances are unsecured and free of interest.

At 31 December 2015 and 2014, the ageing analyses of the trade payables (including amounts of trading nature due to related parties) were as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
0–180 days	**526,636**	639,137
181–365 days	**224,662**	991,793
Over 365 days	**1,698,380**	455,047
	2,449,678	2,085,977

The carrying amounts of the Group's trade and other payables are denominated in Renminbi.

22. CURRENT INCOME TAX LIABILITIES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Income tax payable	**223,547**	193,829
Land appreciation tax payable	**601,206**	578,207
	824,753	772,036

23. BORROWINGS

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Non-current		
Long term borrowings		
– Secured bank borrowings *(a)*	**8,639,057**	7,813,500
– Other borrowings *(i)*	**8,627,300**	5,650,000
– 5 year bonds *(c)*	**991,641**	–
– 7 year bonds *(c)*	**1,486,616**	–
– 10 year bonds *(d)*	**1,498,950**	1,496,474
	21,243,564	14,959,974
Less: current portion of long term borrowings	**(4,158,300)**	(1,309,750)
	17,085,264	13,650,224
Current		
Short term bank borrowings		
– Secured short term borrowings *(b)*	**200,000**	–
– Unsecured short term borrowings	**292,214**	1,150,000
– Current portion of long term borrowings	**4,158,300**	1,309,750
	4,650,514	2,459,750
Total borrowings	**21,735,778**	16,109,974

23. BORROWINGS *(CONTINUED)*

(i) Other borrowings

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Loans from BNSIGC *(Note 35)*	**700,000**	1,100,000
Loans from other financial institutions *(e)*	**7,927,300**	4,550,000
	8,627,300	5,650,000

(a) As at 31 December 2015, long term bank borrowings of RMB8,639,057,000 (2014: RMB7,813,500,000) were obtained by the Group and secured by certain land use right (Note 6), investment properties (Note 7), hotel properties (Note 8), properties under development (Note 13) and completed properties held for sale (Note 14), included in which RMB1,340,000,000 (2014:nil) are guaranteed by BNSIGC (Note 35), and RMB150,000,000 (2014:nil) was additionally guaranteed by the non-controlling interests.

(b) As at 31 December 2015, short term bank borrowings of RMB200,000,000 (2014:nil) were obtained by the Group, guaranteed by BNSIGC (Note 35) and secured by certain land use right (Note 6), investment properties (Note 7) and hotel properties (Note 8).

(c) On 20 January 2015, the Company issued corporate bonds with an aggregate principal amount of RMB2,500,000,000. Among which, RMB1,000,000,000 has a maturity period of 5 years ('5 year bonds'), carries a fixed annual coupon rate of 4.8% and is embedded a put option at the end of the third year. The net proceeds of 5 year bonds were RMB989,926,000 (net of issuance costs of RMB10,074,000). The remaining bonds of RMB1,500,000,000 has a maturity period of 7 years ('7 year bonds'), carries a fixed interest rate of 5.2% and is embedded a put option at the end of the fifth year. The net proceeds of 10 year bonds were RMB1,484,889,000 (net of issuance costs of RMB15,111,000). The proceeds from these bonds are mainly used to repay the Company's liabilities, replenish the Company's working capital, optimize the structure of corporate debt, and to meet the Company's medium and long-term capital requirements. The interest of bonds would be paid annually and the principal is fully repayable on 20 January 2020 and 20 January 2022, respectively.

(d) On 29 May 2006, the Company issued bonds with an aggregate principal amount of RMB1,500,000,000 and a maturity period of 10 years ('10 year bonds'). The net proceeds were RMB1,478,980,000 (net of issuance costs of RMB21,020,000) and were raised as part of the consideration for the construction of National Convention Centre. The bond carries a fixed annual interest rate of 4.1%, the interest of which would be paid annually and the principal is fully repayable on 29 May 2016. As 10 year bonds will mature within 1 year, they have been reclassified as current portion of long term borrowings.

23. BORROWINGS *(CONTINUED)*

(e) Loans of RMB1,700,000,000, which were obtained by the Company, bear interest rate of 8.2% per annum, and are repayable after 60 months from the inception date of the loan, and are guaranteed by BNSIGC (Note 35) and secured by certain properties under development (Note 13).

Loans of RMB800,000,000, which were obtained by the Company, bear interest rate of 8.3% per annum, and are repayable after 48 months from the inception date of the loan, and are secured by certain land use right (Note 6) and hotel properties (Note 8).

Loans of RMB999,000,000, which were obtained by the Company, bear interest rate of 7.9% per annum, and are repayable after 36 months from the inception date of the loan, and are secured by certain land use right (Note 6) and investment properties (Note 7).

Loans of RMB1,000,000,000, which were obtained by the Company, bear interest rate of 6.5% per annum, and are repayable after 60 months from the inception date of the loan, and are secured by certain land use right (Note 6) and investment properties (Note 7).

Loans of RMB700,000,000, which were obtained by a subsidiary, bear interest rate of 9.6% per annum, and are repayable after 24 months from the inception date of the loan, and are guaranteed by BNSIGC (Note 35) and secured by certain properties under development (Note 13).

Loans of RMB650,000,000, which were obtained by a subsidiary, bear interest rate of 11% per annum, and are repayable after 24 months from the inception date of the loan, and are guaranteed by the non-controlling interests and secured by certain properties under development (Note 13).

Loans of RMB900,000,000 which were obtained by a subsidiary, bear interest rate of 6.93%per annum, and are repayable after 24 months from the inception date of the loan, and are secured by certain properties under development (Note 13).

Loans of RMB1,178,300,000, which were obtained by a subsidiary, bear interest rate of 8.4% per annum, and are repayable after 30 months from the inception date of the loan, and are unsecured.

23. BORROWINGS *(CONTINUED)*

(f) The Group's borrowings mature until 2029 and bonds mature until 2022. At 31 December 2015, the Group's borrowings were repayable as follows:

	Bank borrowings As at 31 December		Other borrowings As at 31 December		Bonds As at 31 December	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**1,200,964**	2,058,750	**1,950,600**	401,000	**1,498,950**	–
Between 1 and 2 years	**1,493,750**	1,293,750	**1,998,400**	1,950,600	**–**	1,496,474
Between 2 and 5 years	**3,523,557**	3,046,250	**4,678,300**	3,298,400	**991,641**	–
Over 5 years	**2,913,000**	2,564,750	**–**	–	**1,486,616**	–
	9,131,271	8,963,500	**8,627,300**	5,650,000	**3,977,207**	1,496,474

(g) The effective interest rates at the balance sheet date are as follows:

	As at 31 December	
	2015	2014
Bank and other borrowings	**7.00%**	6.76%
5 year bonds	**5.03%**	–
7 year bonds	**5.38%**	–
10 year bonds	**4.28%**	4.28%

(h) The Group has the following undrawn borrowing facilities:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
– expiring within one year	**300,000**	–
– expiring between two and five years	**3,550,692**	2,385,000
– expiring over five years	**437,500**	437,500
	4,288,192	2,822,500

23. BORROWINGS *(CONTINUED)*

(i) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity whichever is the earliest date is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
6 months or less	**4,388,442**	8,732,500
between 6 and 12 months	**7,641,780**	5,881,000
between 1 and 5 years	**9,705,556**	1,496,474
	21,735,778	16,109,974

(j) The carrying amounts and fair values of the long term borrowings are as follows:

	Carrying amount		Fair value	
	As at 31 December		As at 31 December	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Non-current borrowings	**14,607,007**	12,153,750	**14,770,559**	12,193,409
5 year bonds	**991,641**	–	**1,019,200**	–
7 year bonds	**1,486,616**	–	**1,575,000**	–
10 year bonds	**–**	1,496,474	**–**	1,496,276
	17,085,264	13,650,224	**17,364,759**	13,689,685

The fair values of 5 year bonds and 7 year bonds are based on market prices as at 31 December 2015.

The non-current bank borrowings bear interest at the prevailing market rates. Their fair values are not materially different from their carrying amounts.

The carrying amounts of current bank borrowings approximate their fair values, as the impact of discounting is not significant.

(k) All borrowings are denominated in Renminbi.

24. DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Deferred tax assets:		
– To be recovered after more than 12 months	**148,150**	35,556
– To be recovered within 12 months	**62,156**	137,376
	210,306	172,932
Deferred tax liabilities:		
– To be settled after more than 12 months	**(1,778,548)**	(1,697,714)
Deferred tax liabilities-net	**(1,568,242)**	(1,524,782)

The gross movements on the deferred income tax account are as follows:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**(1,524,782)**	(1,590,085)
(Credited)/recognised in the income statement *(Note 29)*	**(12,198)**	65,303
Credited to other comprehensive income	**(31,262)**	–
At 31 December	**(1,568,242)**	(1,524,782)

24. DEFERRED INCOME TAX *(CONTINUED)*

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities:

	Investment properties revaluation *RMB'000*	Tax depreciation allowances *RMB'000*	Total *RMB'000*
At 1 January 2014	(1,173,318)	(441,341)	(1,614,659)
Credited in the income statement	(40,302)	(42,753)	(83,055)
At 31 December 2014	(1,213,620)	(484,094)	(1,697,714)
Credited in the income statement	(6,501)	(43,071)	(49,572)
Credited to other comprehensive income	(31,262)	–	(31,262)
At 31 December 2015	(1,251,383)	(527,165)	(1,778,548)

Deferred tax assets:

	Provisions *RMB'000*	Deductible loss *RMB'000*	Accrued expense and others *RMB'000*	Total *RMB'000*
At 1 January 2014	3,309	4,403	16,862	24,574
Recognised in the income statement	725	4,274	143,359	148,358
At 31 December 2014	4,034	8,677	160,221	172,932
(Credited)/Recognised in the income statement	(241)	26,635	10,980	37,374
At 31 December 2015	3,793	35,312	171,201	210,306

24. DEFERRED INCOME TAX *(CONTINUED)*

Deferred tax assets: *(Continued)*

(a) Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognised deferred tax assets of RMB8,811,000 (2014: RMB4,764,000) in respect of losses amounting to RMB35,243,000 (2014: RMB19,054,000) that can be carried forward against future taxable income, these tax losses will expire in the period from 2016 to 2020 as follows:

Year ended 31 December					
2016	**2017**	**2018**	**2019**	**2020**	**Total**
RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
474	152	3,397	14,965	16,255	35,243

25. EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Depreciation *(Note 8)*	**150,761**	157,038
Amortisation *(Note 6)*	**8,652**	32
Provision of impairment for receivables *(Note 16)*	**118**	2,914
Employee benefit expense *(Note 27)*	**702,134**	622,240
Advertising costs	**113,042**	69,941
Cost of properties sold		
– Land use rights	**815,908**	955,869
– Finance cost capitalised in cost of properties	**257,813**	230,197
– Development costs	**1,872,164**	944,380
Cost of goods for resale	**132,262**	168,982
Cost of consumables used	**188,356**	155,342
Business tax	**368,136**	301,890
Other taxation	**150,556**	125,991
Office and consumption expenses	**124,348**	119,506
Management Fee	**62,163**	48,876
Energy expenses	**138,937**	129,024
Consulting and service expenses	**164,394**	178,373
Repair and maintenance expenses	**111,327**	146,169
Operating leases	**36,275**	26,476
Auditor's remuneration	**7,400**	7,500
Others	**75,420**	95,783
Total cost of sales, selling and marketing expenses and administrative expenses	**5,480,166**	4,486,523

26. OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment and investment properties	**(905)**	(2,412)
Donation	**(950)**	(950)
Government Grants	**1,000**	–
Overdue Payment	**(1,404)**	–
Penalty and compensation income	**5,228**	1,853
Penalty and compensation expense	**(253)**	(1,802)
Others	**(1,030)**	(551)
	1,686	(3,862)

27. EMPLOYEE BENEFIT EXPENSE

The employee benefit expense of the Group, including its directors' emoluments is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Wages and salaries	**545,055**	482,179
Social security costs	**132,251**	117,081
Retirement benefit costs – defined contribution plans *(a)*	**84,764**	73,270
	762,070	672,530
Less: capitalised in properties under development	**(59,936)**	(50,290)
	702,134	622,240

27. EMPLOYEE BENEFIT EXPENSE *(CONTINUED)*

(a) Retirement benefit costs – defined contribution plans

The employees of the subsidiaries of the Group participate in various retirement benefit plans established by Beijing, Changsha, Hangzhou, Nanjing, Suzhou, Wuhan and Chengdu Municipal Labor and Social Insurance Bureau, respectively, under which the Group was required to make monthly defined contributions to these plans at 20% of the employees' basic salary for the year ended 31 December 2015 and 2014.

Besides the above retirement benefits, the Group provides an additional defined contribution plan to its employees. Each year, participants make contributions to the plan equaling 4% of his/her compensation and the Group matches the contribution.

There were no forfeited contributions during the year or available at 31 December 2015 (2014: Nil) to reduce future contributions.

Contribution totaling RMB11,613,000 (2014: RMB11,004,000) were payable to the funds at the year end.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2014: nil) directors whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining four (2014: five) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Basic salaries and other allowances	**2,733**	3,147
Employer's contribution to retirement benefit scheme	**235**	265
	2,968	3,412

27. EMPLOYEE BENEFIT EXPENSE *(CONTINUED)*

(b) Five highest paid individuals *(Continued)*

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2015	2014
Emolument bands		
RMB nil – RMB837,500		
(equivalent to HK$ Nil – HK$1,000,000)	**4**	5
Over RMB837,500 – RMB1,256,250		
(equivalent to HK$1,000,000 – HK$1,500,000)	**–**	–

(c) During the year, no emolument was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No directors waived or agreed to waive any emoluments during the year.

28. FINANCE INCOME AND EXPENSES

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Interest expense:		
– bank and other borrowings	**(1,171,892)**	(901,692)
– bonds	**(185,996)**	(63,875)
	(1,357,888)	(965,567)
Less: amounts capitalised in properties under development at a capitalisation rate of 7.22% (2014: of 7.07%) per annum	**919,125**	599,266
Finance expenses	**(438,763)**	(366,301)
Bank charges and others	**(10,853)**	(10,466)
Finance income – Interest income	**71,684**	42,362
Net finance expenses	**(377,932)**	(334,405)

29. INCOME TAX EXPENSES

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate is 25% (2014: 25%).

The Company and certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current income tax		
– PRC enterprise income tax	**265,781**	354,440
– PRC land appreciation tax	**283,119**	443,876
Deferred income tax *(Note 24)*	**12,198**	(65,303)
	561,098	733,013

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

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before income tax	**1,345,150**	1,569,370
Add: share of loss of investments accounted for using the equity method (Note 10)	**6,831**	669
	1,351,981	1,570,039
Tax calculated at the statutory tax rate of 25% (2014: 25%)	**337,995**	392,510
Expenses not deductible for tax purposes	**6,699**	3,138
Tax losses not recognized	**4,064**	3,741
Effect of higher tax rate for the appreciation of land in the PRC	**212,340**	332,907
Reversal of deferred tax which could not be realised	**–**	717
Income tax expenses	**561,098**	733,013

29. INCOME TAX EXPENSES *(CONTINUED)*

The tax charge relating to components of the comprehensive income is as follows:

	2015			2014		
	Before tax	**Tax charge**	**After tax**	Before tax	Tax charge	After tax
Reclassification of revaluation of properties newly transferred to investment properties	**125,049**	**(31,262)**	**93,787**	–	–	–
Other comprehensive income	**125,049**	**(31,262)**	**93,787**	–	–	–
Current tax		**–**			–	
Deferred tax *(Note 24)*		**(31,262)**			–	
		(31,262)			–	

30. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the number of shares in issue during the year.

Diluted earnings per share are equal to the basic earnings per share since the Company has no potential dilutive ordinary shares during the years ended 31 December 2015 and 2014.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company *(RMB'000)*	**760,687**	779,992
Number of ordinary shares in issue *(thousands)*	**3,367,020**	3,367,020
Earnings per share (basic and diluted) *(RMB cents per share)*	**22.59 cents**	23.17 cents

31. DIVIDEND

The dividends paid in 2015 are RMB202,021,000 (2014: RMB202,021,000). Proposed dividends of 2015 and 2014 were as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Interim dividend paid	**–**	–
2015 proposed RMB0.06 per share final dividend (2014: RMB0.06 per share)	**202,021**	202,021
	202,021	202,021

32. CASH USED IN OPERATIONS

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before income tax	**1,345,150**	1,569,370
Adjustments for:		
– Provision of impairment for receivables *(Note 16)*	**118**	2,914
– Depreciation *(Note 8)*	**150,761**	157,038
– Amortisation	**8,652**	32
– Fair value gain on investment properties	**(22,420)**	(161,206)
– loss on disposal of property, plant and equipment *(a)*	**905**	2,412
– Interest income *(Note 28)*	**(71,684)**	(42,362)
– Interest expense *(Note 28)*	**438,763**	366,301
– Share of loss from investments accounted for using the equity method *(Note 10)*	**6,831**	669
Operating profit before working capital changes	**1,857,076**	1,895,168
Changes in working capital:		
– Increase in restricted bank deposits	**(214,079)**	(22,543)
– Decrease/(increase) in inventories	**11,260**	(785)
– Increase in properties under development and completed properties held for sale, net	**(5,827,644)**	(3,427,098)
– Increase in trade and other receivables	**(138,301)**	(193,399)
– Decrease in long term payables	**(904)**	(749)
– Increase in trade and other payables	**1,728,349**	1,091,348
Cash used in operations	**(2,584,243)**	(658,058)

32. CASH USED IN OPERATIONS *(CONTINUED)*

(a) In the cash flow statement, proceeds from sale of property, plant and equipment and investment properties comprise:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Net book amount	**1,225**	2,958
Loss on disposal of property, plant and equipment and investment properties *(Note 26)*	**(905)**	(2,412)
Proceeds from disposal of property, plant and equipment and investment properties	**320**	546

33. FINANCIAL GUARANTEES

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. The outstanding guarantees amounted to RMB3,424,501,000 as at 31 December 2015 (2014: RMB2,479,591,000).

Such guarantees terminate upon (i) the issuance of the real estate ownership certificate which will generally be available within six months to two years after the Group delivers possession of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate miscellaneous right certificate relating to the relevant property.

34. COMMITMENTS

(a) Commitments in respect of development costs attributable to properties under development:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Properties under development		
– Contracted but not provided for	**2,378,970**	2,858,006
– Authorised but not contracted for	**12,273,801**	7,396,337
	14,652,771	10,254,343

34. COMMITMENTS *(CONTINUED)*

(b) At 31 December 2015 and 2014, the Group had future aggregate minimum lease rental receivables and payables under non-cancellable operating leases as leasor and lease respectively as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
As leasor:		
Rental receivables in respect of investment properties		
Not later than one year	**437,903**	580,274
Later than one year and not later than five years	**574,658**	537,330
Later than five years	**374,090**	418,369
	1,386,651	1,535,973
As leasee:		
Rental payables in respect of land use rights and buildings		
Not later than one year	**18,474**	18,994
Later than one year and not later than five years	**66,111**	69,042
Later than five years	**242,405**	256,664
	326,990	344,700

35. RELATED PARTY TRANSACTIONS

The Group is controlled by BNSIGC, which owns 34.48% of the Company's shares. The remaining 65.52% of the shares are widely held.

BNSIGC itself is a state-owned enterprise controlled by the PRC government. For the year 2015 and 2014, the Group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government mainly include most of its bank borrowings and part of purchases of goods and services. The price and other terms of such transactions are settled in the fair value.

For the purpose of related party transaction disclosures, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programmes. Due to the pervasiveness of the Group's retail transactions with the entities' employees on corporate business, their key management personnel and close family members, and other related parties, there is no feasible way to track such transactions and ensure the completeness of certain disclosures. Nevertheless, management believes that meaningful information relative to related party transactions has been disclosed.

35. RELATED PARTY TRANSACTIONS *(CONTINUED)*

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year and balances arising from related party transactions at the end of the year:

(i) Principal services provided by the Group to Beijing North Star Kingpower Co., Ltd ("Kingpower"):

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Rental *(a)*	**159**	24,658

(a) On 30 October 2014, the Company signed an equity transfer agreement with Shanghai Tianrong Trading Company (上海天榮商貿有限公司) to sell all its 36% of interests in Kingpower. The equity transfer has been completed on 28 February 2015, and the Company ceased to hold any shares of Kingpower.

(ii) Purchases of services

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
BNSIGC (operating lease payment in respect of land)	**15,310**	15,010
BNSIGC (office lease acceptance)	**900**	900
BNSIGC (brand royalty fee)	**10**	10
	16,220	15,920

Purchases of services are carried out in accordance with the terms as mutually agreed between the parties.

35. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(iii) Loans from BNSIGC

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**1,102,067**	1,202,278
Proceeds from loans	**–**	700,000
Repayments of loans	**(400,000)**	(800,000)
Interest accrued	**49,956**	85,221
Interest paid	**(50,879)**	(85,432)
At 31 December	**701,144**	1,102,067

As at 31 December 2015, the Group obtained unsecured borrowings from BNSIGC, including: RMB300,000,000 from 4 April 2014 to 1 April 2016 and interest rate is fixed rate 6.15%; RMB150,000,000 from 10 June 2014 to 9 June 2016 and interest rate equaling to national benchmark interest rate; RMB50,000,000 from 25 July 2014 to 24 July 2016 and interest rate equaling to national benchmark interest rate; RMB200,000,000 from 15 August 2014 to 14 August 2016 and interest rate equaling to national benchmark interest rate.

(iv) Project cooperation funds to WHML

	2015	2014
	RMB'000	*RMB'000*
At 1 January 2015/15 August 2014 (Establishment date)	**289,739**	–
Project cooperation funds granted	**192,750**	300,000
Repayments of project cooperation funds	**(192,750)**	(22,500)
Interest income accrued	**15,663**	12,239
Interest income received	**(1,526)**	–
At 31 December	**303,876**	289,739

35. RELATED-PARTY TRANSACTIONS *(CONTINUED)*

(v) Project cooperation funds to HZXF

	2015
	RMB'000
At 15 May 2015 (Establishment date)	
Project cooperation funds granted	**136,197**
Interest income accrued	**4,627**
At 31 December	**140,824**

(vi) Balances arising from sales/purchases of services, entrusted loans, interest payable for entrusted loans, project cooperation funds, and interest receivable for project cooperation funds

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade and other receivables from related parties		
WHML	**277,500**	277,500
HZXF	**136,197**	–
	413,697	277,500
Encrust loans from related parties		
BNSIGC	**700,000**	1,100,000
Interest payable of entrusted loans from related parties		
BNSIGC	**1,144**	2,067
Interest receivables of project cooperation funds to related parties		
WHML	**26,376**	12,239
HZXF	**4,627**	–
	31,003	12,239

35. RELATED-PARTY TRANSACTIONS *(CONTINUED)*

(vi) Balances arising from sales/purchases of services, entrusted loans, interest payable for entrusted loans, project cooperation funds, and interest receivable for project cooperation funds *(Continued)*

At 31 December 2015, there were no provisions for impairment of receivables from related parties (2014: Nil) and there were no provisions for impairment of receivables from related parties charged to income statement for the year ended 31 December 2015 (2014: Nil).

(vii) Key management compensation

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**12,397**	11,859
Post-employment benefit	**1,186**	1,322
	13,583	13,181

35. RELATED-PARTY TRANSACTIONS *(CONTINUED)*

(viii) Director, supervisors and the chief executive's emoluments

For the year ended 31 December 2015:

Name of Director	Fees	Salary	Employer's contribution to retirement benefit scheme	Housing allowance	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. He Jiang Chuan	–	654	59	26	739
Ms. Zhao Hui Zhi	–	367	19	26	412
Mr. Li Chang Li	–	309	5	26	340
Mr. Zeng Jin	–	268	57	26	351
Mr. Liu Jian Ping	–	371	9	26	406
Mr. Liu Huan Bo	–	424	58	26	508
Mr. Fu Yiu Man	50	–	–	–	50
Mr. Guo Li	50	–	–	–	50
Mr. Wu Ge	50	–	–	–	50
Mr. Long Tao *(i)*	36	–	–	–	36
Mr. Wong Yik Chung *(ii)*	36	–	–	–	36
Mr. Gan Pei Zhong *(iii)*	36	–	–	–	36
Supervisors:					
Mr. Li Guo Rui	–	463	53	26	542
Mr. Liu Yao Zhong	–	406	38	26	470
Mr. Zhang Wei Yan	–	453	59	26	538
Mr. Zhao Chong Jie	–	–	–	–	–
Mr. Song Yi Ning	–	–	–	–	–
	258	3,715	357	234	4,564

(i) Resigned from director on 28 May 2015.

(ii) Resigned from director on 28 May 2015.

(iii) Resigned from director on 28 May 2015.

35. RELATED-PARTY TRANSACTIONS *(CONTINUED)*

(viii) Director, supervisors and the chief executive's emoluments *(CONTINUED)*

For the year ended 31 December 2014:

Name of Director	Fees	Salary	Employer's contribution to retirement benefit scheme	Housing allowance	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Mr. He Jiang Chuan	–	582	53	24	659
Ms. Zhao Hui Zhi	–	582	53	24	659
Mr. Li Chang Li	–	582	53	24	659
Mr. He Wen Yu	–	561	53	11	625
Mr. Zeng Jin	–	359	53	24	436
Mr. Liu Jian Ping	–	398	53	24	475
Mr. Liu Huan Bo	–	359	53	24	436
Mr. Long Tao	86	–	–	–	86
Mr. Wong Yik Chung	86	–	–	–	86
Mr. Gan Pei Zhong	86	–	–	–	86
Supervisors:					
Mr. Li Guo Rui	–	359	53	24	436
Mr. Liu Yao Zhong	–	331	53	24	408
Mr. Zhang Wei Yan	–	443	53	24	520
Mr. Zhao Chong Jie	–	–	–	–	–
Mr. Liu Yi	–	–	–	–	–
Mr. Song Yi Ning	–	–	–	–	–
Mr. Xue Jian Ming	–	–	–	–	–
	258	4,556	530	227	5,571

(ix) Accept financial guarantee

Pursuant to an agreement signed by BNSIGC, as at 31 December 2015, BNSIGC provides joint liability counter-guarantee for the loans from Kunlun Trust Limited Liability Company amounting to RMB700,000,000.

Pursuant to an agreement signed by BNSIGC, as at 31 December 2015, BNSIGC provides joint liability counter-guarantee for the loans form Taikang Life Insurance Asset Management Limited Liability Company amounting to RMB1,700,000,000.

Pursuant to an agreement signed by BNSIGC, as at 31 December 2015, BNSIGC provides joint liability counter-guarantee for the loans form Beijing Rural Commercial Bank amounting to RMB1,540,000,000.

36. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Investment properties		**12,332,400**	11,506,300
Property, plant and equipment		**1,348,470**	1,981,371
Investments in subsidiaries		**2,551,582**	2,123,158
Investments accounted for using the equity method		**14,705**	28,398
Deferred income tax assets		**113,191**	88,612
Trade and other receivables		**815,426**	277,500
		17,175,774	16,005,339
Current assets			
Loans to subsidiaries		**14,377,302**	12,395,299
Properties under development		**1,185,170**	2,085,516
Completed properties held for sale		**2,077,131**	1,716,255
Other inventories		**48,318**	52,057
Trade and other receivables		**781,821**	301,536
Restricted bank deposits		**9,975**	9,951
Cash and cash equivalents		**4,037,782**	2,585,583
		22,517,499	19,146,197
Total assets		**39,693,273**	35,151,536
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**3,367,020**	3,367,020
Other reserves	Note (a)	**4,403,051**	4,272,733
Retained earnings	Note (a)	**7,171,655**	6,895,630
Total equity		**14,941,726**	14,535,383

Director *Director*

36. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(CONTINUED)*

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Long term borrowings		**15,785,264**	12,600,224
Long term payables		**5,282**	6,186
Deferred income tax liabilities		**1,718,636**	1,637,618
		17,509,182	14,244,028
Current liabilities			
Trade and other payables		**3,594,444**	3,585,955
Current income tax liabilities		**439,621**	326,420
Current portion of long term borrowings		**2,908,300**	1,309,750
Short term borrowings		**300,000**	1,150,000
		7,242,365	6,372,125
Total liabilities		**24,751,547**	20,616,153
Total equity and liabilities		**39,693,273**	35,151,536

Note (a) Reserve movement of the Company

	Retained earnings	**Other reserves**
	RMB'000	*RMB'000*
At 1 January 2014	6,577,000	4,242,029
Profit for the year	551,355	–
Dividends relating to 2013	(202,021)	–
Transfer from retained earnings	(30,704)	30,704
At 31 December 2014	6,895,630	4,272,733
At 1 January 2015	**6,895,630**	**4,272,733**
Profit for the year	**514,577**	**–**
Other comprehensive income	**(202,021)**	**–**
Dividends relating to 2014	**–**	**93,787**
Transfer from retained earnings	**(36,531)**	**36,531**
At 31 December 2015	**7,171,655**	**4,403,051**

37. BENEFITS AND INTERESTS OF DIRECTORS

(a) The remuneration of every director and the chief executive is set out below

For the year ended 31 December 2015:

Name of Director	Fees *RMB'000*	Salary *RMB'000*	Employer's contribution to retirement benefit scheme *RMB'000*	Housing allowance *RMB'000*	Total *RMB'000*
Mr. He Jiang Chuan	–	654	59	26	739
Ms. Zhao Hui Zhi	–	367	19	26	412
Mr. Li Chang Li	–	309	5	26	340
Mr. Zeng Jin	–	268	57	26	351
Mr. Liu Jian Ping	–	371	9	26	406
Mr. Liu Huan Bo	–	424	58	26	508
Mr. Fu Yiu Man	50	–	–	–	50
Mr. Guo Li	50	–	–	–	50
Mr. Wu Ge	50	–	–	–	50
Mr. Long Tao	36	–	–	–	36
Mr. Wong Yik Chung	36	–	–	–	36
Mr. Gan Pei Zhong	36	–	–	–	36
	258	2,393	207	156	3,014

37. BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

(a) The remuneration of every director and the chief executive is set out below *(Continued)*

For the year ended 31 December 2014 (Restated):

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

Name of Director	Fees	Salary	Employer's contribution to retirement benefit scheme	Housing allowance	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. He Jiang Chuan	–	582	53	24	659
Ms. Zhao Hui Zhi	–	582	53	24	659
Mr. Li Chang Li	–	582	53	24	659
Mr. He Wen Yu	–	561	53	11	625
Mr. Zeng Jin	–	359	53	24	436
Mr. Liu Jian Ping	–	398	53	24	475
Mr. Liu Huan Bo	–	359	53	24	436
Mr. Long Tao	86	–	–	–	86
Mr. Wong Yik Chung	86	–	–	–	86
Mr. Gan Pei Zhong	86	–	–	–	86
	258	3,423	371	155	4,207

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsistence at the end of the year or at any time during the year.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits for the year ended 31 December 2015.

37. BENEFITS AND INTERESTS OF DIRECTORS *(CONTINUED)*

(c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2015, the Group did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

For the year ended 31 December 2015, the Group did not provide loans, quasi-loans and other dealings in favour of directors.

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

38. EVENTS AFTER THE BALANCE SHEET DATE

(a) On 17 July 2015, the Company convened the second extraordinary general meeting of 2015, the first A Share class meeting of 2015 and the first H Share class meeting of 2015, to consider and approve the proposal of the Nonpublic Issuance. The total funds to be raised under the Non-public Issuance shall not exceed RMB2,500,000,000. After considering the 2014 profit distribution plan, the issue price shall not be less than RMB4.45 per share, and the number of Shares issued under the Non-public Issuance shall be no more than 561,790,000. The China Securities Regulatory Commission approved the administrative on 3 February 2016.

(b) On 30 March 2016, The Board has resolved to recommend the payment of a dividend of RMB0.06 per share for the year ended 31 December 2015 (2014: RMB0.06 per share).

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2015 in accordance with the Basic Standard and 38 specific Standard of the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter ("CAS"). The differences between the financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit attributable to owners of the Company for the year ended 31 December		Capital and reserves attributable to the owners of the Company as at 31 December	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
As stated in accordance with CAS	**611,972**	530,825	**11,265,270**	10,900,954
Impact of HKFRS adjustments				
1. Reversal of depreciation of investment properties under CAS	**129,214**	125,575	**1,252,187**	1,122,973
2. Fair value adjustment of investment properties under HKFRS	**16,815**	120,906	**4,086,836**	3,976,234
3. Difference on revaluation of certain assets upon the reorganisation in 1997	**2,686**	2,686	**(3,377)**	(6,063)
As stated in accordance with HKFRS	**760,687**	779,992	**16,600,916**	15,994,098

Properties Profile

DEVELOPMENT PROPERTIES

Properties for sales

Name	Location	Gross floor area of unsold portion *(sq. m.)*	Type of property	Progress	Interest attributable to the Group
1 North Star Green Garden	Chaoyang, Beijing	24,500	Residence and supporting facilities	Completed	100
2 Bihai Fangzhou Garden	Chaoyang, Beijing	900	Residential	Completed	50.5
3 North Star • Xianglu	Haidian, Beijing	46,200	Residential	Completed	100
4 North Star • Fudi	Chaoyang, Beijing	25,500	Commercial, affordable residence and supporting facilities	Completed	100

Properties under development

Name	Location	Gross floor area of unsold portion *(sq. m.)*	Type of property	Progress	Interest attributable to the Group
1 Hangzhou Shunfa CIFI Honor Mansion, Phase II	Hangzhou, Zhejiang Province	30,600	Residential, commercial	Newly acquired land reserve in 2015, yet to commence construction	50
2 North Star • Landsea Sourthern Gate Green shire	Chengdu, Sichuan Province	234,300	Residential, commercial	Newly acquired land reserve in 2015, yet to commence construction	40
3 Suzhou North Star CIFI No. 1 Courtyard	Suzhou, Jiangsu Province	267,500	Residential, commercial	Newly acquired land reserve in 2015, yet to commence construction	50
4 Nanjing North Star CIFI Park Mansion • Jin Ling	Nanjing, Jiangsu Province	105,300	Residential	Newly acquired land reserve in 2015, yet to commence construction	51
5 Dayuan, Chengdu Project	Chengdu, Sichuan Province	147,000	Residential, commercial	Newly acquired land reserve in 2015, yet to commence construction	100
6 Langfang Longhe New District Project	Langfang, Hebei Province	419,200	Residential, commercial	Newly acquired land reserve in 2015, yet to commence construction	100

Properties Profile (Continued)

Name	Location	Gross floor area of unsold portion (sq. m.)	Type of property	Progress	Interest attributable to the Group
7 Hefei Luyang District project	Hefei, Anhui Province	328,600	Residential, commercial	Newly acquired land reserve in 2015, yet to commence construction	50
8 Wuhan Guanggu Creative Sky Project	Wuhan, Hubei Province	477,500	Commercial, office	Newly acquired land reserve in 2015, yet to commence construction	51
9 North Star Red Oak Villa	Changping, Beijing	145,300	Residential	Under progress	99.1
10 North Star • Villa 1900	Shunyi, Beijing	213,300	Residential	Under progress	100
11 Modern Beichen Yue MOMA	Shunyi, Beijing	45,100	Self-occupied commercial residential housing, housing properties with restrictions on size and selling prices,	Under progress	50
12 North Star Delta Project	Changsha, Hunan Province	3,852,500	Residential, commercial and office	Under progress	100
13 North Star Central Park Project	Changsha, Hunan Province	787,800	Residential	Under progress	51
14 North Star Modern Best+	Wuhan, Hubei Province	264,100	Residential, commercial	Under progress	45
15 North Star Olympic Garden	Hangzhou, Zhejiang Province	288,300	Residential, commercial	Under progress	70
16 Hangzhou Shunfa CIFI Honor Mansion, Phase I	Hangzhou, Zhejiang Province	82,200	Residential, commercial	Under progress	50

Properties Profile (Continued)

INVESTMENT PROPERTIES AND HOTELS *(NOTE 1)*

Name	Location	Gross floor area *(sq. m.)*	Type of property	Interest attributable to the Group
1 Beijing Continental Grand Hotel	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	42,613	Hotel	100%
2 V-Continent Beijing Parkview Wuzhou	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	56,953	Hotel	100%
3 InterContinental Changsha	Kaifu District, Changsha, Hunan Province	73,698	Hotel	100%
4 Beijing International Convention Centre	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	61,867	Convention, exhibition	100%
5 Hui Yuan Apartment	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	184,811	Apartment	100%
6 Hui Bin Offices	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	31,568	Office	100%
7 Hui Zhen Building Property	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	6,299	Office	100%
8 Hui Xin Offices	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	37,426	Office	100%
9 North Star Times Tower	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing	131,229	Office, commercial premise for lease	100%
10 Beijing Olympic Park National Convention Centre and ancillary Area B No. 19, 20, 21, 22 Project	Bei Chen Zhong Road, Chao Yang District, Beijing	533,991	Convention, exhibition, hotel and office	100%

PROPERTIES WITH ANCILLARY FACILITIES *(NOTE 1)*

Name	Location	Gross floor area *(sq. m.)*	Type of property	Interest attributable to the Group
1 Beichen Shopping Centre	No. 8 An Wai An Li Road, Beijing	30,463	Shopping centre	100%
2 Beichen Shopping Centre (Beiyuan Store (北苑店))	A13 Beiyuan Road, Beijing	65,000	Shopping centre	100%

Note:

1. The above-mentioned investment properties and hotels items 1–2 and 4–7 and properties with ancillary facilities of the Group are all located within the Asian Games Village at Andingmen (安定門), Chao Yang District, Beijing. The properties are erected on land leased from BNSIGC for a rental of RMB15,310,415 for 2015 (rentals for future years subject to adjustment). Terms of the leases range from 40 years to 70 years, depending on uses of different parts of the land.

Directors' Proposal on the Appropriation of Profit for the Year of 2015

In accordance with the pertinent regulations and based on the actual situation of the Company, the Board of Beijing North Star Company Limited, at a meeting held on 30 March 2016, proposed that the appropriation of profit of the Company for the year of 2015 be as follows:

I. The appropriation of profits after taxation shall be: 10% for Statutory Reserve Fund, 0% for Discretionary Reserve Fund and 90% for profit available for distribution.

II. A final dividend of RMB0.06 per share in cash (Note) is proposed to be paid to the shareholders whose names appear on the register of shareholders on Tuesday, 7 June 2016. If the proposal is approved by the shareholders at the 2015 annual general meeting, the final dividend is expected to be paid on or before Monday, 25 July 2016. Further announcement will be made as to the exact form of payment.

III. This proposal is subject to the approval by the shareholders at the 2015 annual general meeting.

Beijing North Star Company Limited

Note:

According to the Law on Corporate Income Tax of the People's Republic of China and the relevant implementing rules which came into effect on 1 January 2008, the Company is obliged to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H share register of shareholders of the Company. Any shares registered in the name of the non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups will be treated as being held by non-resident enterprise shareholders and therefore their dividends entitled will be subject to the withholding of the corporate income tax.

Corporate Information

Legal name of the Company:	北京北辰實業股份有限公司
English name of the Company:	Beijing North Star Company Limited
Registered address of the Company:	No. 8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC
Place of business of the Company:	Room 707, Tower A, Hui Xin Building, No. 8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC
Legal representative of the Company:	HE Jiang-Chuan
Company secretaries:	GUO Chuan LEE Ka Sze, Carmelo
Person-in-charge on information disclosure:	GUO Chuan
Enquiry unit for Company information disclosure:	Secretariat of the Board

COMPANY INFORMATION ENQUIRY

Address:	Room 707, Tower A, Hui Xin Building, No. 8 Bei Chen Dong Road, Chao Yang District, Beijing, the PRC
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Telephone:	(8610) 6499 1277
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Website:	www.beijingns.com.cn

REGISTRATION

Date and place of first registration:	2 April 1997, Beijing, the PRC
Creditability code	91110000633791930G

AUDITORS

PRC auditor:	PricewaterhouseCoopers Zhong Tian LLP
Address:	11th Floor, PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, the PRC
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Corporate Information (Continued)

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