The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

June 30, 2016

The Directors
China Logistics Property Holdings Co., Ltd

Credit Suisse (Hong Kong) Limited
Deutsche Securities Asia Limited

Dear Sirs,

We report on the financial information of China Logistics Property Holdings Co., Ltd (the "Company") and its subsidiaries (together, the "Group") which comprises the consolidated balance sheets as at December 31, 2013, 2014 and 2015, the balance sheets of the Company as at December 31, 2013, 2014 and 2015 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended December 31, 2013, 2014 and 2015 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. The financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated June 30, 2016 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on November 12, 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (2013 Revision) of the Cayman Islands as amended or re-enacts from time to time. Pursuant to a Group reorganization as described in Note 1 of Section II headed "General information of the Group and reorganization" (the "Reorganization") below, which was completed on April 15, 2014, the Company became the holding company of the subsidiaries now comprising the Group.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 30 of Section II below. All of these companies are private companies or if incorporated or established outside Hong Kong, have substantially the same characteristic as a Hong Kong incorporated private company.

No statutory audited financial statements has been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the reorganization.

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The statutory audited financial statements of the other subsidiaries now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 30 of Section II.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods, in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") (the "Underlying Financial Statements"). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with IFRSs. The Underlying Financial Statements have been audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with International Standards on Auditing (the "ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB") pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Directors' responsibility for the financial information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company and the Group as at December 31, 2013, 2014 and 2015, and of the Group's results and cash flows for the Relevant Periods.

I FINANCIAL INFORMATION

The following is the financial information of the Group prepared by the directors of the Company as at December 31, 2013, 2014 and 2015 and for each of the years ended December 31, 2013, 2014 and 2015 (the "Financial Information"):

CONSOLIDATED BALANCE SHEETS

	Section II Note	As at December 31,		
		2013	2014	2015
		RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Land use rights		5,805	5,683	–
Property, plant and equipment	6	812	2,771	4,899
Investment properties	7	1,672,000	3,090,000	9,709,000
Intangible assets		15	–	135
Investments accounted for using the equity method	8	–	–	108,465
Deferred income tax assets	9	2,719	7,858	–
Long-term trade receivables	10(a)	6,320	5,972	15,644
Other long-term prepayments	10(b)	118,365	272,544	122,661
		1,806,036	3,384,828	9,960,804
Current assets				
Trade and other receivables	11(a)	45,721	94,310	79,575
Prepayments	11(b)	1,262	3,569	13,370
Cash and cash equivalents	12(a)	104,665	678,428	820,773
Restricted cash	12(a)	900	541,501	800
		152,548	1,317,808	914,518
Total assets		1,958,584	4,702,636	10,875,322
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	13	310	310	310
Other reserves	15(a)	11,983	12,327	152,777
Retained earnings	14(a)	479,217	626,716	1,831,347
Total equity		491,510	639,353	1,984,434
Liabilities				
Non-current liabilities				
Borrowings	16	300,868	635,768	934,385
Long-term payables	19	4,200	6,836	19,794
Hybrid instruments	17	279,903	1,933,518	5,790,473
Deferred income	18	18,514	4,331	–
Deferred income tax liabilities	9	169,574	278,425	990,101
		773,059	2,858,878	7,734,753
Current liabilities				
Trade and other payables	20(a)	620,015	1,156,958	492,641
Current income tax liabilities		12,170	5,037	18,803
Borrowings	16	61,830	42,410	644,691
		694,015	1,204,405	1,156,135
Total liabilities		1,467,074	4,063,283	8,890,888
Total equity and liabilities		1,958,584	4,702,636	10,875,322

BALANCE SHEETS – COMPANY

	Section II Note	As at December 31, 2013	2014	2015
		RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Investments in subsidiaries	30(a)	–	334,922	2,657,770
		–	334,922	2,657,770
Current assets				
Trade and other receivables		–	–	363
Prepayments		–	–	6,759
Loans to subsidiaries	30(b)	310	593,287	632,536
Cash and cash equivalents	12(b)	–	20,460	45,400
		310	613,747	685,058
Total assets		310	948,669	3,342,828
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	13	310	310	310
Other reserves	15(b)	–	–	139,716
Accumulated losses	14(b)	–	(126,906)	(854,127)
Total equity/(deficit)		310	(126,596)	(714,101)
Liabilities				
Non-current liabilities				
Hybrid instruments	17.1,17.3	–	1,064,247	3,760,567
Current liabilities				
Trade and other payables	20(b)	–	11,018	296,362
Total liabilities		–	1,075,265	4,056,929
Total equity and liabilities		310	948,669	3,342,828

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Section II Note	Year ended December 31, 2013	2014	2015
		RMB'000	RMB'000	RMB'000
Revenue	21	49,016	67,555	163,238
Cost of sales	22	(16,195)	(21,262)	(57,252)
Gross profit		32,821	46,293	105,986
Selling and marketing expenses	22	(4,197)	(8,005)	(14,312)
Administrative expenses	22	(14,391)	(32,610)	(59,496)
Other income	23	5,361	26,114	125,843
Fair value gains on investment properties – net		321,022	421,162	2,669,987
Fair value losses on hybrid instruments – net		(11,906)	(210,223)	(1,155,561)
Other gains/(losses) – net	24	3,652	(603)	171,841
Operating profit		332,362	242,128	1,844,288
Finance income	25	3,050	28,575	47,534
Finance expenses	25	(12,386)	(17,277)	(26,913)
Finance (expenses)/income – net	25	(9,336)	11,298	20,621
Share of profit of investments accounted for using the equity method	8	8,570	–	16,215
Profit before income tax		331,596	253,426	1,881,124
Income tax expense	26	(97,825)	(105,583)	(675,759)
Profit for the year attribute to the owners of the Company	14(a)	233,771	147,843	1,205,365
Other comprehensive income for the year, net of tax		–	–	–
Total comprehensive income for the year attribute to the owners of the Company		233,771	147,843	1,205,365
Earnings per share				
– Basic	27	4.68	2.96	24.11
– Diluted	27	4.68	2.96	18.95
Dividends		–	–	–

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company			
	Share capital	Other reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2013	–	537,819	246,610	784,429
Comprehensive income				
Profit for the year	–	–	233,771	233,771
Total comprehensive income	–	–	233,771	233,771
Transactions with equity owner in its capacity as equity owner				
Issue of shares	310	–	–	310
Acquisition of Shanghai Yupei Group Co., Ltd. ("Shanghai Yupei") under capital reorganization (Note 1.2(b))	–	(527,000)	–	(527,000)
Profit appropriation to statutory reserves	–	1,164	(1,164)	–
Total transactions with equity owner in its capacity as equity owner	310	(525,836)	(1,164)	(526,690)
Balance at December 31, 2013	310	11,983	479,217	491,510
Balance at January 1, 2014	310	11,983	479,217	491,510
Comprehensive income				
Profit for the year	–	–	147,843	147,843
Total comprehensive income	–	–	147,843	147,843
Transactions with equity owner in its capacity as equity owner				
Profit appropriation to statutory reserves	–	344	(344)	–
Total transactions with equity owner in its capacity as equity owner	–	344	(344)	–
Balance at December 31, 2014	310	12,327	626,716	639,353
Balance at January 1, 2015	310	12,327	626,716	639,353
Comprehensive income				
Profit for the year	–	–	1,205,365	1,205,365
Total comprehensive income	–	–	1,205,365	1,205,365
Transactions with equity owners in their capacity as equity owners				
Deemed contribution from Yupei International Investment Management Company Limited ("Yupei Investment Management") (Note 15, 17.3)	–	139,716	–	139,716
Profit appropriation to statutory reserves	–	734	(734)	–
Total transactions with equity owners in their capacity as equity owners	–	140,450	(734)	139,716
Balance at December 31, 2015	310	152,777	1,831,347	1,984,434

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Section II Note	Year ended December 31,		
		2013	2014	2015
		RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash generated from operations	29	22,120	41,796	28,686
Interest received	25	3,050	16,467	11,518
Income tax paid		(2,587)	(9,004)	(4,709)
Net cash generated from operating activities		22,583	49,259	35,495
Cash flows from investing activities				
Investment in an associate	8	–	–	(92,250)
Business combination of Suzhou Yuqing Warehousing Co., Ltd. ("Suzhou Yuqing"), including transaction costs	33	–	–	(539,675)
Business combination of Zhengzhou Hozdo Logistics Co. Ltd. ("Zhengzhou Hozdo"), including transaction costs	33	–	–	(49,771)
Acquisition of property, plant and equipment	6	(291)	(2,472)	(2,870)
Proceeds from disposal of property, plant and equipment		–	22	–
Addition of investment properties		(381,861)	(1,065,425)	(2,586,019)
Acquisition of intangible assets		–	–	(140)
Proceeds from disposal of interests in associates	8	146,564	–	–
Proceeds from disposal of subsidiaries		–	–	10,817
Payment of consideration of equity transfer of Shanghai Yupei to Shanghai Yupei Industrial (Group) Co., Ltd. ("Shanghai Yupei Industrial")	1.2(b)	–	(49,990)	(477,010)
Payment of consideration of equity transfer of Wuhu Yupei Investment Management Co., Ltd. ("Wuhu Yupei Investment") to Yuhang Commercial Operation Management Co., Ltd. ("Yuhang Commercial Operation Management")	1.2(f)	–	–	(50,000)
Increase in amounts due from related parties	32(c)	(382,358)	(206,657)	(115,940)
Decrease in amounts due from related parties	32(d)	374,861	235,810	126,962
(Increase)/decrease in restricted cash	12	(900)	(540,601)	540,701
Receipt of government grants	18	17,419	4,517	121,035
Net cash used in investing activities		(226,566)	(1,624,796)	(3,114,160)
Cash flows from financing activities				
Issue of shares	13(b)	310	–	–
Proceeds from borrowings		290,000	382,280	1,734,978
Repayments of borrowings		(39,265)	(66,800)	(899,820)
Increase in hybrid instruments	17	267,997	1,443,392	2,890,113
Payment of interest of hybrid instruments	17	–	–	(49,003)
Payment of interest expenses		(35,711)	(35,954)	(79,838)
Increase in amounts due to related parties	32(a)	122,018	646,161	963,150
Decrease in amounts due to related parties	32(b)	(122,018)	(269,780)	(1,327,231)
Capital increase of Wuhu Yupei Investment Management under capital reorganization	1.2(a)	–	50,000	–
Proceeds from acquisition of Wuhu Yupei Investment Management under capital reorganization	1.2(a),(f)	–	186	–
Repayment of advances from Suzhou Yuhang Logistics Co, Ltd. ("Suzhou Yuhang") and Shanghai Yuhang Anting Logistics Co, Ltd. ("Yuhang Anting")		(191,871)	–	–
Payment of pre-IPO private placement commission fee		–	–	(18,454)
Net cash generated from financing activities		291,460	2,149,485	3,213,895
Net increase in cash and cash equivalents		87,477	573,948	135,230
Cash and cash equivalents at beginning of year		17,188	104,665	678,428
Exchange (losses)/gains on cash and cash equivalents		–	(185)	7,115
Cash and cash equivalents at end of year	12	104,665	678,428	820,773

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP AND REORGANIZATION

1.1 General information

China Logistics Property Holdings Company Limited (the "Company") was incorporated on November 12, 2013 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2013 Revision) of the Cayman Islands, as amended or re-enacted from time to time. The address of its registered office is Harneys Service (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. box 10240, Grand Cayman KY1-1002, Cayman Island.

The Company is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the leasing of storage facilities and the related management services (the "Listing Business") in the People's Republic of China (the "PRC"). The ultimate controlling parties of the Group are Mr. Li Shifa ("Mr. Li" , the "Founder") and Ms. Ma Xiaocui ("Ms. Ma") (the "Persons Acting in Concert", or "Controlling Shareholders").

This Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

1.2 The Reorganization

Prior to the incorporation of the Company and the completion of the reorganization (the "Reorganization") as described below, the Listing Business was operated through Shanghai Yupei and its PRC subsidiaries, and was controlled by the Controlling Shareholders through Shanghai Yupei Industrial (the "Original Parent Company").

The preparation of listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganization to transfer the Listing Business to the Company principally through the following steps:

(a) On November 13, 2013, Wuhu Yupei Investment was incorporated by Wuhu Yuhang Commercial Operation Management, which was wholly-owned by Shanghai Yupei Industrial. The share capital of Wuhu Yupei Investment as at the incorporation date was RMB20,000,000 and subsequently increased to RMB50,000,000 on January 13, 2014.

(b) Pursuant to the share transfer agreement between Shanghai Yupei Industrial and Wuhu Yupei Investment dated December 10, 2013, Shanghai Yupei Industrial transferred all its equity interests in Shanghai Yupei to Wuhu Yupei Investment at the consideration of RMB527,000,000. The transaction was completed on December 18, 2013, the date that Shanghai Yupei obtained the updated business license.

(c) On November 12, 2013, the Company was incorporated as a wholly-owned subsidiary of Yupei Investment Management, which is controlled by the Controlling Shareholders.

(d) Three intermediate holding companies, China Yupei Logistics Property Development Co. Ltd., Yupei International Logistics Property Management Co., Ltd. and Hongkong Yupei Logistics Property Development Co. Ltd. ("Hong Kong Yupei") were incorporated on November 21, 2013, November 26, 2013 and December 16, 2013, respectively.

(e) On April 3, 2014, Anhui Yupei Business Management Co., Ltd. ("Anhui Yupei Business Management") was incorporated by Hong Kong Yupei as a mainland China intermediate holding company.

(f) Pursuant to the share transfer agreement between Yuhang Commercial Operation Management and Anhui Yupei Business Management, dated April 10, 2014, Yuhang Commercial Operation Management transferred its 100% equity interest in Wuhu Yupei Investment to Anhui Yupei Business Management at a consideration of RMB50,000,000. This transaction was completed on April 15, 2014.

Upon completion of the Reorganization on April 15, 2014, the Company became the holding company of the Group.

The Company's direct and indirect interests in its subsidiaries as at the date of this report are set out in Note 30.

1.3 Basis of presentation

As set out above, the Reorganization involved the insertion of the Company and its other subsidiaries owned by the Controlling Shareholders, as holding companies of Shanghai Yupei for the purpose of Listing. The Company, Wuhu Yupei Investment and Anhui Yupei Business Management have not been involved in any business prior to the Reorganization and do not meet the definition of business. Steps in Note 1.2 (b) and (f) would not meet the definition of a business combination. Accordingly, the transactions are accounted for as a capital reorganization, and similar basis of merger accounting is applied, therefore the Financial Information is prepared as a continuation of the Listing Business on a consolidated basis and are presented for the Relevant Periods of the companies comprising the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied throughout the Relevant Periods.

2.1 Basis of preparation

The Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"). The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial liabilities (including hybrid instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

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

The Group meets its day-to-day working capital requirements through its bank facilities and issuance of hybrid instruments. As at December 31, 2015, the current liabilities exceeded the current assets by RMB241,617,000. The current economic conditions continue to create uncertainty particularly over the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in operating performance, show that the Group should be able to operate within the level of its current facilities. The available unutilized borrowing facilities as at December 31, 2015 was RMB132,000,000. Subsequent to December 31, 2015, long-term bank borrowings amounting to RMB563,500,000 was successfully drawn down, and the available unutilized borrowing facilities as at the date of this report was increased to RMB193,500,000.

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 the Financial Information. Further information on the Group's borrowings and hybrid instruments is given in Note 16 and Note 17, respectively.

2.1.1 Changes in accounting policy and disclosures

(a) New standards and interpretations not yet adopted

New standards and amendments to standards have been issued but are not effective for the financial year beginning January 1, 2015 and have not been early adopted are as below:

- Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture" address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The amendments are effective for annual periods beginning on or after a date to be determined by the IASB.

- Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment entities: applying the consolidation exception" clarify the application of the consolidation exception for investment entities and their subsidiaries.

  The amendments to IFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in IFRS 10.

  The amendments also clarify that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity's investment activities, such that it acts as an extension of the investment entity. However, the amendments also confirm that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties.

  The amendments to IAS 28 allow an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a relief to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture for their subsidiaries when applying the equity method. The amendments are effective for annual periods beginning on or after January 1, 2016.

- Amendments to IAS 1 "Disclosure initiative" clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.

The key areas addressed by the changes are as follows:

- Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. An entity need not provide disclosures if the information is not material;

- Disaggregation and subtotals: the amendments clarify what additional subtotals are acceptable and how they should be presented;

- Notes: an entity is not required to present the notes to the financial statements in a particular order, and management should tailor the structure of their notes to their circumstances and the needs of their users;

- Accounting policies: how to identify a significant accounting policy that should be disclosed;

- Other comprehensive income ("OCI") from equity accounted investments: OCI of associates and joint ventures should be separated into the share of items that will subsequently be reclassified to profit or loss and those that will not.

The amendments are effective for annual periods beginning on or after January 1, 2016.

- Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortization" clarify when a method of depreciation or amortization based on revenue may be appropriate. The amendment to IAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

The amendment to IAS 38 establishes a rebuttable presumption that amortization of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances:

- where the intangible asset is expressed as a measure of revenue; or
- where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendments are effective for annual periods beginning on or after January 1, 2016.

- Amendment to IAS 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 amendment is effective for annual periods beginning on or after January 1, 2016.

- Annual improvements 2014 address certain issues in the 2012-2014 reporting cycle, primarily with a view to removing inconsistencies and clarifying wording. They include changes to the following standards which are relevant to the Group's operations. These annual improvements are effective for annual periods beginning on or after January 1, 2016.

Amendment to IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to IFRS 7	Financial Instruments: Disclosure
Amendment to IAS 19	Employee Benefits
Amendment to IAS 34	Interim financial reporting

- IFRS15 "Revenue from Contracts with Customers" establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognize revenue when performance obligation is satisfied. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control.

  IFRS 15 provides specific guidance on capitalization of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  IFRS 15 replaces the previous revenue standards: IAS 18 "Revenue" and IAS 11 "Construction Contracts", and the related Interpretations on revenue recognition: IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC-31 "Revenue – Barter Transactions Involving Advertising Services". IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

- IFRS 9 "Financial Instruments" replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortized cost, fair value through OCI and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortized cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognized in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognized in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses ("ECL") model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a "three stage" approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortized cost a day-1 loss equal to the 12-month ECL is recognized in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

IFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of IAS39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

- IFRS16 "Leases" provides updated guidance on the definition of leases, and the guidance on the combination and separation of contracts. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  IFRS 16 requires lessees to recognize lease liability reflecting future lease payments and a "right-of-use-asset" for almost all lease contracts, with an exemption for certain short-term leases and leases of low-value assets.

  The lessors accounting stays almost the same as under IAS 17. However, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

  The Group is a lessee of various offices, which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.26 under which operating lease payment is accounted for in the consolidated statements of comprehensive income when incurred and the Group's future operating lease commitments are not reflected in the consolidated balance sheets but are disclosed in Note 31(b). IFRS 16 provides new provisions for the accounting treatment of leases and all non-current leases, including future operating lease commitments, must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheets. In the income statement, leases will be recognized in the future as capital expenditure on the purchasing side and will no longer be recorded as an operating expense. As a result, the operating expenses under otherwise identical circumstances will decrease, with depreciation and amortization and the interest expense will increase. The new standard will impact both the balance sheet and related ratios (gearing ratio), but the impact is not expected to be material.

  The new standard is not expected to apply until the financial year 2019, including the adjustment of prior years.

Based on the Group's preliminary assessment, the adoption of the above new standards and amendments to standards is not expected to have a material effect on the Group's operating results or financial position.

(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 Relevant Periods, as a result, there are changes to presentation and disclosures of certain information in the Financial Information.

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.

(a) Business combinations under non-common control

Except for the Reorganization, 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 recognizes 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 recognized amounts of the 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 IFRSs.

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 recognized in the consolidated statements of comprehensive income.

Any contingent consideration to be transferred by the Group is recognized 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 recognized in accordance with IAS either in profit or loss or as a change to OCI. 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 recognized 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 recognized directly in the consolidated statements of comprehensive income.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized 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) 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 recognized in the consolidated statements of comprehensive income. 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 recognized in OCI 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 recognized in OCI 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 received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend 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.

2.3 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 recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include 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 recognized in OCI is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the profit or loss of the consolidated statements of comprehensive income, and its share of post-acquisition movements in OCI is recognized in OCI 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 recognize 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 recognizes the amount adjacent to "share of profit of investments accounted for using equity method" in the consolidated statements of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized 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 recognized in the consolidated statements of comprehensive income.

2.4 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 ("Board") that makes strategic decisions.

2.5 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 Financial Information is presented in RMB, which is the Company's functional and the Group's 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 or valuation where items are re-measured. 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 recognized in the consolidated statements of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statements of comprehensive income within "Finance income or expenses". All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income within "Other gains/(losses) – net".

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a Functional Currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each consolidated statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognized in OCI.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in OCI.

2.6 Property, plant and equipment

Property, plant and equipment is 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 recognized 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 derecognized. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Vehicles and machineries	5 years
– Furniture, fittings and equipments	5 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 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other gains/(losses) – net" in the consolidated statements of comprehensive income.

2.7 Investment properties

Investment property, principally comprising 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. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs 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 ("DCF") projections. Changes in fair values are recorded in the consolidated statements of comprehensive income as part of a valuation gain or loss in "Fair value gains on investment properties – net".

2.8 Land use rights

All land in the PRC is state-owned and no individual land ownership right exists. The Group acquired the right to use certain land and the premiums paid for such right are recorded as land use rights, which are amortized over the useful terms of 50 years using the straight-line method.

2.9 Intangible assets

Intangible assets include computer software licenses. Acquired computer software licenses are capitalized on the basis of the costs included to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of 5 years.

2.10 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "Trade and other receivables", "Cash and cash equivalents" and "Restricted cash" in the consolidated balance sheets (Notes 2.14 and 2.15).

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statements of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention consolidated to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.13 Impairment of financial assets-assets carried at amortized cost

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 reorganization, 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 recognized in the consolidated statements of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statements of comprehensive income.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for 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 recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

2.15 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, and bank overdrafts. In the consolidated and entity balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.16 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (Note 2.20).

Incremental costs directly attributable to issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade 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 payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.18 Borrowings

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

Fees paid on the establishment of loan facilities are recognized 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 capitalized as a pre-payment for liquidity services and amortized 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.

2.19 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 capitalization.

All other borrowing costs are recognized in the consolidated statements of comprehensive income in the period in which they are incurred.

2.20 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes, redeemable convertible deemed preferred shares, prepayable loans and redeemable convertible ordinary shares.

(a) Convertible notes

Convertible notes which entitle the holder a put option (i.e. an option to require the Group to redeem in cash) and an option to convert into a variable number of equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as compound instruments consisting of a liability and a derivative component. The convertible notes including the embedded derivative as a whole are designated as financial liabilities at fair value through profit or loss. The entire convertible notes are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

Issue costs that are directly attributable to the issue of the convertible notes designated as financial liabilities at fair value through profit or loss are recognized immediately in consolidated statements of comprehensive income.

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

(b) Redeemable convertible deemed preferred shares

Redeemable convertible deemed preferred shares which entitle the holder (i) to convert into a variable number of equity instruments, or to convert into a fixed number of equity instruments in exchange of variable amount of cash and (ii) to participate in dividends appropriation in preference to holders of ordinary shares, subject to the discretion of the directors of the Company, are regarded as compound instruments that consist of a liability component, an embedded derivative and an equity component. The Group designates the redeemable convertible deemed preferred shares as financial liabilities at fair value through profit or loss. The entire redeemable convertible deemed preferred shares are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

Issue costs that are directly attributable to the issue of the redeemable convertible deemed preferred shares, designated as financial liabilities at fair value through profit or loss, are recognized immediately in the consolidated statements of comprehensive income.

The redeemable convertible deemed preferred shares are classified as current unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

(c) Prepayable loans

Prepayable loans with a host debt and prepayment features embedded, which are not closely related to the host debt, are regarded as compound instruments consisting of a liability and a derivative component. The prepayable loans including the embedded derivative as a whole are designated as financial liabilities at fair value through profit or loss. The entire prepayable loans are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

Issue costs that are directly attributable to the issue of the prepayable loans designated as financial liabilities at fair value through profit or loss are recognized immediately in consolidated statements of comprehensive income.

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

(d) Redeemable convertible ordinary shares

Redeemable convertible ordinary shares which entitle the holder (i) to convert into a variable number of equity instruments, or to convert into a fixed number of equity instruments in exchange of variable amount of cash and (ii) to participate in dividends appropriation, subject to the discretion of the directors of the Company, are regarded as compound instruments that consist of a liability component, an embedded derivative and an equity component. The Group designates the redeemable convertible ordinary shares as financial liabilities at fair value through profit or loss. The entire redeemable convertible ordinary shares are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

Issue costs that are directly attributable to the issue of the redeemable convertible ordinary shares, designated as financial liabilities at fair value through profit or loss, are recognized immediately in the consolidated statements of comprehensive income.

The redeemable convertible ordinary shares are classified as current unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of the reporting period.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statements of comprehensive income, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI 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 countries where the Company's subsidiaries and associates 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 recognized, 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, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, 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 or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, 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 recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries and associates 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 utilized.

(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 tax 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.

2.22 Employee benefits

(a) Pension obligations

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 benefits relating to employee service in the current and prior periods.

For defined contribution plans, 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 recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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 recognizes 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 recognizes costs for a restructuring that is within the scope of IAS 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) Employee leave entitlements

Employee entitlements to annual leave are recognized 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 recognized until the time of leave.

2.23 Government grants

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

Government grants relating to costs are deferred and recognized in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to assets measured at fair value are included in non-current liabilities as deferred income and are credited to the consolidated statements of comprehensive income when, and only when, the conditions attaching to the government grant are met.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for service supplied, stated net of discounts and value added taxes. The Group recognizes 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.

(a) Rental income and revenue from providing management services

Rental income from investment property is recognized in the consolidated statements of comprehensive income on a straight-line basis over the term of the lease.

The Group provides property management services to customers. Revenue derived from sales of services is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided.

2.25 Interest income

Interest income is recognized 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.

2.26 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statements of comprehensive income on a straight-line basis over the period of the lease.

2.27 Dividend distribution

Dividend distribution to the Company's shareholder is recognized 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 shareholder or directors, where appropriate.

2.28 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, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of fees recognized in accordance with IAS 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 recognized 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.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment in the financial statements of the Company.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in mainland China with most of the revenue and expenditures transactions denominated and settled in RMB, where its foreign exchange risk is limited.

The Group's exposure to foreign exchange risk is mainly on its cash and cash equivalents and its financing activities (i.e., issuance of convertible note, redeemable convertible deemed preferred shares, prepayable loans and redeemable convertible ordinary shares, and bank borrowings) denominated in United States Dollars ("US$"). The Group has not hedged its foreign exchange rate risk. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the mainland China government.

At December 31, 2013, 2014 and 2015, if US$ had strengthened/weakened by 5% against RMB with all other variables held constant, the Group's profit before tax for the years ended December 31, 2013, 2014 and 2015 would have been decreased/increased by approximately RMB13,746,000, RMB78,297,000 and RMB283,036,000 respectively, mainly as a result of foreign exchange losses/gains on translation of US$ denominated cash and cash equivalents, US$ denominated financial liabilities at fair value through profit or loss (i.e., convertible notes, redeemable convertible deemed preferred share, prepayable loans and redeemable convertible ordinary shares) and US$ denominated bank borrowings.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from 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. Group policy is to maintain stability of its borrowings in fixed rate instruments. The Group has not used any derivative to hedge its exposure to interest rate risks.

At December 31, 2013, 2014 and 2015, if average interest rate on the Group's certain borrowings, which bear floating rates, had been 50 basis point higher/lower, profit before tax for the years ended December 31, 2013, 2014 and 2015 would have been decreased/increased by approximately RMB1,213,000, RMB2,866,000, and RMB7,445,000, respectively.

(b) Credit risk

Credit risk arises from cash and cash equivalents, restricted cash and trade and other receivables. The carrying amounts or the undiscounted nominal amounts, where applicable, of each class of these financial assets represent the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage the risk with respect to cash and cash equivalents and restricted cash, bank deposits are placed with highly reputable financial institutions.

Most of Group's lease and service income are settled in cash or in bills by its customers. The Group performs credit assessment on customers before granting credit limits to customers and credit risks in connection with trade receivables are monitored on an on-going basis. No credit limits were exceeded during the Relevant Periods, and management does not expect any losses from non-performance by these counterparties.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and summarized by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. 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 – for example, currency restrictions.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity Groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts tabulated below 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 December 31, 2013					
Borrowings	84,688	53,207	166,601	160,590	465,086
Trade and other payables	614,929	–	–	–	614,929
Hybrid instruments	279,470	–	–	–	279,470
	979,087	53,207	166,601	160,590	1,359,485
At December 31, 2014					
Borrowings	87,598	116,411	341,739	346,015	891,763
Trade and other payables	1,143,061	–	–	–	1,143,061
Hybrid instruments	887,193	26,942	1,844,360	–	2,758,495
	2,117,852	143,353	2,186,099	346,015	4,793,319
At December 31, 2015					
Borrowings	725,596	159,879	564,990	392,072	1,842,537
Trade and other payables	466,829	–	–	–	466,829
Hybrid instruments	2,167,287	1,976,085	3,212,976	–	7,356,348
Financial guarantee contracts	291,786	–	–	–	291,786
	3,651,498	2,135,964	3,777,966	392,072	9,957,500

(i) Convertible notes

As disclosed in Note 17.1, the Company entered into an Initial Note Purchase Agreement with Berkeley Asset Holding Ltd ("RRJ Berkeley") on April 4, 2014, and an Initial Convertible Promissory Notes (the "2014 Note") with RRJ Berkeley and SeaTown Lionfish Pte. Ltd. ("SeaTown"), respectively on April 25, 2014 with principal amount of US$150,000,000 (approximately, RMB923,787,000). Further, on January 26, 2015, the Company entered into a Note Purchase Agreement with RRJ Berkeley, and on February 10, 2015 entered into Convertible Promissory Notes (the "2015 Note") with RRJ Berkeley and SeaTown respectively with a principal amount of US$100,000,000 (approximately, RMB612,951,000). Both the 2014 Note and 2015 Note have a maturity period of four years, bear an interest rate of 10% per annum. RRJ Berkeley and SeaTown may, at any time before the 2014 Note and 2015 Note maturity date, convert the entire outstanding principal amount of the 2014 Note and 2015 Note plus the accrued and unpaid interest thereon into a number of ordinary shares of the Company. The maturity analysis in the above table assumes no conversion before the maturity date.

(ii) Redeemable convertible deemed preferred shares

As disclosed in Note 17.2, Shanghai Yupei and Shanghai Yupei Investment Management Co., Ltd., subsidiaries of the Company (together "Yupei Parties"), entered into an Investment Framework Contract ("Framework Contract") with Seed Holding Company II, Limited ("Carlyle") on June 18, 2013. Pursuant to the Framework Contract, Carlyle wishes to invest in the project subsidiaries of the Company (the "Project Companies") in the 2 years investment period, starting from June 18, 2013, and to provide shareholder loans to Project Companies as well. The Company needs to complete a qualified initial public offering ("IPO"), as defined in the Framework Contract, after 4.5 years from the date of entering into the Framework Contract (the "Carlyle Maturity Date"), otherwise, Carlyle may exercise drag-along sale. Upon confirming the engagement of the IPO sponsors and underwriters, Carlyle has the choice to require Yupei Parties to redeem or convert its entire investments in the Project Companies and shareholder loans plus accrued and unpaid interest into a number of ordinary shares of the Company. Further, upon the occurrence of any event of default, Carlyle may request Yupei Parties redeem all or a portion of its investments and shareholder loans in the Project Companies. The redemption price shall be the total investment and shareholder loan principal amount plus interest accrued at the after-tax Internal Rate of Return ("IRR") of 20%. The maturity analysis in the above table takes into account the earliest period, in which Yupei Parties can be required to pay, i.e. redemption upon the occurrence of event of default, which is not controlled by Yupei Parties.

(iii) Prepayable loans

As disclosed in Note 17.3, the Company entered into Loan Agreements with Sherlock Asset Holding Ltd. ("RRJ Sherlock") and SeaTown, Mr. Li and Yupei Investment Management (Mr. Li and Yupei Investment Management together the "Founder Parties") on April 20, 2015 (the "2015 Loan"). Pursuant to the Loan Agreements, the Company borrowed an aggregated principal amount of US$225,000,000 and US$25,000,000 (the "2015 Loan Principal Amount") from RRJ Sherlock and SeaTown respectively, which have a maturity period of two years, bearing an interest rate of 12% per annum. Thereafter, SeaTown entered into a loan participation agreement with Moussedragon, L.P. ("Moussedragon") on August 19, 2015 (the "Loan Participation Agreement"), pursuant to which, SeaTown granted to Moussedragon a participation in part of the 2015 Loan with amount of US$5,000,000 in exchange for US$5,000,000. The Company may, at any time before the 2015 Loan maturity date, repay the loan in whole or in part.

(iv) Redeemable convertible ordinary shares

As disclosed in Note 17.4, China Yupei Logistics Property Development Co., Ltd., Yupei East China Logistics Property Management Co., Ltd., ("Yupei East China Logistics"), Yupei East China Logistics Property Development Co., Ltd. and Shanghai Yuji Consulting Management Co., Ltd., subsidiaries of the Company (together "Yuji Parties"), entered into an Investment Agreement with Logisware Investment Limited ("FD Insurance") on March 11, 2015 and a supplementary agreement on May 18, 2015 (together the "Investment Agreement"). Pursuant to the Investment Agreement, FD Insurance invested in one of the project subsidiaries of the Company, Yupei East China Logistics with investment amount of US$48,150,500. The Company needs to complete a qualified IPO on or before December 18, 2017. Upon confirming the engagement of the IPO sponsors and underwriters, FD Insurance needs to convert its entire investments in Yupei East China Logistics into a number of ordinary shares of the Company. Further, FD Insurance has the right to require or Yuji Parties redeem the investments upon occurrence of contingent event. The redemption price shall be the total investment principal amount plus interest accrued at the after-tax IRR of 20%. The maturity analysis in the above table takes into account the earliest period, in which Yuji Parties can be required to pay, i.e. redemption upon the occurrence of contingent event, which is not controlled by Yuji Parties.

The Group has classified the convertible notes, the redeemable convertible deemed preferred shares, the prepayable loans and the redeemable convertible ordinary shares as non-current liabilities and recorded as "Hybrid instruments" on the consolidated balance sheets as at December 31, 2013, 2014 and 2015. The balances would be reclassified into current liabilities if it will be due within 12 months after the end of the reporting period.

3.2 Capital 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 to 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 shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "Current and Non-current borrowings" as shown in the consolidated balance sheets; and the redeemable convertible deemed preferred shares and prepayable loans, recorded as "Hybrid instruments" in the consolidated balance sheets) less cash and cash equivalents and restricted cash. Total capital is calculated as "Equity" as shown in the consolidated balance sheets; and convertible notes and redeemable convertible ordinary shares, recorded as "Hybrid instruments" in the consolidated balance sheets, plus net debt.

The gearing ratios as at December 31, 2013, 2014 and 2015 were as follows:

	As at December 31,		
	2013	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
Total borrowings (Note 16)	362,698	678,178	1,579,076
Add: redeemable convertible deemed preferred shares (Note 17.2)	279,903	869,271	1,695,641
prepayable loans (Note 17.3)	–	–	1,650,900
Less: cash and cash equivalents (Note 12)	(104,665)	(678,428)	(820,773)
restricted cash (Note 12)	(900)	(541,501)	(800)
Net debt	537,036	327,520	4,104,044
Total equity	491,510	639,353	1,984,434
Add: convertible notes (Note 17.1)	–	1,064,247	2,109,667
Add: redeemable convertible ordinary shares (Note 17.4)	–	–	334,265
Total capital	1,028,546	2,031,120	8,532,410
Gearing ratio	52%	16%	48%

The fluctuation of gearing ratio during the Relevant Periods is a result of draw-down/repayment of borrowings and the proceeds from issuance of the convertible notes, redeemable convertible deemed preferred shares, prepayable loans and redeemable convertible ordinary shares.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at December 31, 2013, 2014 and 2015 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy 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).

See Note 7 for disclosures of the investment properties that are measured at fair value and Note 17 for disclosures of the hybrid instruments that are measured at fair value.

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2013, 2014 and 2015.

As at December 31, 2013	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Investment properties	–	–	1,672,000	1,672,000
Liabilities				
Hybrid instruments	–	–	279,903	279,903

As at December 31, 2014	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Investment properties	–	–	3,090,000	3,090,000
Liabilities				
Hybrid instruments	–	–	1,933,518	1,933,518

As at December 31, 2015	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Investment properties	–	–	9,709,000	9,709,000
Liabilities				
Hybrid instruments	–	–	5,790,473	5,790,473

There were no transfers among levels of the fair value hierarchy during the Relevant Periods.

Financial instruments in level 3

The following table presents the changes in level 3 hybrid instruments for the Relevant Periods.

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Hybrid instruments			
At fair value			
Opening balances	–	279,903	1,933,518
Additions	267,997	1,443,392	2,750,397
Payment of interest	–	–	(49,003)
Losses recognized in the consolidated statements of comprehensive income	11,906	210,223	1,155,561
Closing balances	279,903	1,933,518	5,790,473
Changes in unrealized losses, under "Fair value losses on hybrid instruments – net"	11,906	210,223	1,155,561

Derivative included in Level 3 are redeemable convertible deemed preferred shares injected by Carlyle, convertible note injected by RRJ Berkeley and SeaTown, prepayable loans from RRJ Sherlock and SeaTown and redeemable convertible ordinary shares injected by FD Insurance.

The valuations of the hybrid instruments at December 31, 2013, 2014 and 2015 were carried out by an independent external valuer.

The valuer adopted the Option Pricing Method under Equity Allocation Method together with the DCF method to determine the fair value of the redeemable convertible deemed preferred shares injected from Carlyle and the redeemable convertible ordinary shares injected from FD Insurance. These inputs include the risk-free rate, volatility, bond discount rate and probability weight for liquidation and redemption scenario.

Binomial Model and the DCF method have been adopted to derive the fair value of the convertible note injected from RRJ Berkeley and SeaTown. These inputs include the risk-free rate, volatility, bond discount rate and probability weight for IPO and non-IPO scenario.

Black-Scholes Model and the DCF method have been adopted to derive the fair value of the prepayable loans injected from RRJ Sherlock and SeaTown. These inputs include the risk-free rate and volatility.

There were no changes in valuation techniques during the Relevant Periods.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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.

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 addressed below.

(a) Fair value of investment properties

Investment properties are stated at fair values based on the valuations performed by independent professional valuers. In determining the fair values, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statements of comprehensive income. Details of the judgment and assumptions to reach fair value of investment properties have been disclosed in Note 7.

(b) Fair value of hybrid instruments

As disclosed in Note 17, the fair value of the convertible note, the redeemable convertible deemed preferred shares, the prepayable loans, and the redeemable convertible ordinary shares at the dates of issue, de-recognition and/or balance sheet dates were determined based on retrospective valuations performed by an independent valuer, using valuation techniques. The Group uses its judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the respective valuation dates. The Group has used DCF method to determine the business value of the Group, followed by option pricing models to determine the fair value of the convertible note, the redeemable convertible deemed preferred shares, the prepayable loans and the redeemable convertible ordinary shares.

Were the discount rate used in the DCF method analysis to be 5% higher/lower based on management estimates, the carrying value of the convertible note at December 31, 2014 and 2015 would be approximately RMB10,066,000 lower or RMB10,243,000 higher, and RMB11,540,000 lower or RMB11,704,000 higher , respectively; the carrying value of the redeemable convertible deemed preferred shares at December 31, 2013, 2014 and 2015 would be approximately RMB3,244,000 lower or RMB3,305,000 higher, RMB6,456,000 lower or RMB6,437,000 higher, and RMB6,503,000 lower or RMB6,532,000 higher, respectively; the carrying value of the prepayable loans at December 31, 2015 would be approximately RMB7,569,000 lower or RMB7,647,000 higher; and the carrying value of the redeemable convertible ordinary shares at December 31, 2015 would be approximately RMB973,000 lower or RMB976,000 higher.

(c) Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. Judgement is required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the periods in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized as management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation in the periods in which such estimate is changed.

5 SEGMENT INFORMATION

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance. The Group's Project Companies established in different locations in PRC engages in business activities from which it earns revenues and incurs expenses, and have discrete financial information. Therefore these Project Companies are identified as different operating segments of the Group. Nevertheless, these Project Companies have been aggregated into one operating segment, taking into consideration the below factors: the Project Companies have similar economic characteristics and regulatory environment, with all revenue and operating profits from the same business of leasing storage facilities and providing related management services derived within PRC; the Group as a whole, has unified internal organizational structure, management system and internal report system; and the Board allocates resources and evaluates performance of the operating segments in aggregation from Group consolidated level. Therefore all Project Companies have been aggregated into one operating segment.

The operating segments derive their revenue primarily from the rental income generated from lease of storage facilities and provision of related management services.

No geographical segment information is presented as all the revenue and operating profits of the Group are derived within PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

Revenue from customer A, B, C represents 38.5%, 24.7% and 12.6% of the Group's total revenue respectively for the year ended December 31, 2013. Revenue from customer A, B represents 28.4% and 20.8% of the Group's total revenue respectively for the year ended December 31, 2014, and revenue from customer B, A, D represents 20.2%, 12.5% and 12.1% of the Group's total revenue respectively for the year ended December 31, 2015.

6 PROPERTY, PLANT AND EQUIPMENT

	Vehicles and machineries	Furniture, fittings and equipments	Total
	RMB'000	RMB'000	RMB'000
Year ended December 31, 2013			
Opening net book amount	620	265	885
Additions	–	291	291
Depreciation charge (Note 22)	(255)	(109)	(364)
Closing net book amount	365	447	812
At December 31, 2013			
Cost	1,400	694	2,094
Accumulated depreciation	(1,035)	(247)	(1,282)
Net book amount	365	447	812
Year ended December 31, 2014			
Opening net book amount	365	447	812
Additions	1,360	1,112	2,472
Disposals	–	(4)	(4)
Depreciation charge (Note 22)	(273)	(236)	(509)
Closing net book amount	1,452	1,319	2,771
At December 31, 2014			
Cost	2,760	1,723	4,483
Accumulated depreciation	(1,308)	(404)	(1,712)
Net book amount	1,452	1,319	2,771
Year ended December 31, 2015			
Opening net book amount	1,452	1,319	2,771
Business combination of Zhengzhou Hozdo (Note 33)	–	265	265
Additions	209	2,661	2,870
Disposals	(10)	–	(10)
Depreciation charge (Note 22)	(352)	(645)	(997)
Closing net book amount	1,299	3,600	4,899
At December 31, 2015			
Cost	2,777	4,649	7,426
Accumulated depreciation	(1,478)	(1,049)	(2,527)
Net book amount	1,299	3,600	4,899

7 INVESTMENT PROPERTIES

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
At fair value			
At beginning of the year	976,000	1,672,000	3,090,000
Capitalized subsequent expenditure on completed investment properties	1,497	195	–
Capitalized expenditure on investment properties under construction	373,481	996,643	3,074,013
Business combination (Note 33)	–	–	875,000
Net gains from fair value adjustment	321,022	421,162	2,669,987
At end of the year	1,672,000	3,090,000	9,709,000

During the year ended December 31, 2013, 2014 and 2015, the Group has capitalized borrowing costs amounting to RMB15,598,000, RMB19,294,000 and RMB53,848,000 respectively on investment properties under construction (Note 25). Borrowing costs were capitalized at the weighted average rate of its general borrowings of 6.7%, 4.6% and 4.5% respectively.

At December 31, 2013, 2014 and 2015, investment properties of the Group with a total fair value amounting to RMB1,154,000,000, RMB2,355,000,000 and RMB6,295,000,000, respectively, are pledged as collateral mortgaged for bank borrowings (Note 16).

As at this report date, the title certificate of certain investment property with fair value of RMB278,000,000 is under application process.

A valuation of the Group's investment properties was performed by an independent professional valuer, Colliers International (Hong Kong) Ltd ("Colliers"), to determine the fair value of the investment properties as at December 31, 2013, 2014 and 2015. The revaluation gains or losses are included in "Fair value gains on investment properties – net".

The valuation was determined primarily using the DCF method with projections based on significant unobservable inputs including rental growth rates, estimated vacancy rates, market rents, maintenance costs, capitalization rates, terminal values and discount rates, etc.; and the Term and Reversion ("T&R") analysis by capitalizing the net rental income derived from the existing tenancies with allowance onto the reversionary interests of the properties (by making reference to comparable market rental transactions), with significant unobservable inputs including term / reversionary yields and market rents. In addition, for investment properties under construction or land held for future development as at the measurement dates, the outstanding costs to complete the properties in accordance with the underlying design scheme have been considered. The unobservable inputs include those for DCF method and/or the T&R analysis, plus the outstanding cost to complete and expected completion dates.

There were no changes in valuation techniques during the Relevant Periods.

The below table analyses the investment properties carried at fair value, by different valuation methods.

	Fair value measurements at December 31, 2013 using			
Description	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Recurring fair value measurements				
Investment properties:				
– Logistics facilities-completed	–	–	836,000	836,000
– Logistics facilities-under construction	–	–	836,000	836,000
– Logistics facilities-land held for future development	–	–	–	–
	–	–	1,672,000	1,672,000

Description	Fair value measurements at December 31, 2014 using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Investment properties:				
– Logistics facilities-completed	–	–	1,758,000	1,758,000
– Logistics facilities-under construction	–	–	1,309,000	1,309,000
– Logistics facilities-land held for future development	–	–	23,000	23,000
	–	–	3,090,000	3,090,000

Description	Fair value measurements at December 31, 2015 using Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Investment properties:				
– Logistics facilities-completed	–	–	4,710,000	4,710,000
– Logistics facilities-under construction	–	–	3,102,000	3,102,000
– Logistics facilities-land held for future development	–	–	1,897,000	1,897,000
	–	–	9,709,000	9,709,000

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 Relevant Periods.

Fair value measurements using significant unobservable inputs (Level 3)

	December 31, 2013 Investment properties – Logistics facilities
	RMB'000
Opening balance	976,000
Additions	374,978
Net gains from fair value adjustment	321,022
Closing balance	1,672,000
Total gains or losses for the year included in the consolidated statements of comprehensive income for assets held at the end of the year, under "Fair value gains on investment properties – net"	321,022
Change in unrealized gains or losses for the year included in the consolidated statements of comprehensive income for assets held at the end of the year	321,022

	December 31, 2014
	Investment properties – Logistics facilities
	RMB'000
Opening balance	1,672,000
Additions	996,838
Net gains from fair value adjustment	421,162
Closing balance	3,090,000
Total gains or losses for the year included in the consolidated statements of comprehensive income for assets held at the end of the year, under "Fair value gains on investment properties – net"	421,162
Change in unrealized gains or losses for the year included in the consolidated statements of comprehensive income for assets held at the end of the year	421,162

	December 31, 2015
	Investment properties – Logistics facilities
	RMB'000
Opening balance	3,090,000
Additions – Business Combination (Note 33)	875,000
Additions – Others	3,074,013
Net gains from fair value adjustment	2,669,987
Closing balance	9,709,000
Total gains or losses for the year included in the consolidated statements of comprehensive income for assets held at the end of the period, under "Fair value gains on investment properties – net"	2,669,987
Change in unrealized gains or losses for the period included in the consolidated statements of comprehensive income for assets held at the end of the year	2,669,987

Valuation processes of the Group

The fair value of the Group's investment properties at December 31, 2013, 2014 and 2015 were valued by independent professional valuer who holds recognized relevant professional qualifications and has recent experience in the locations and segments of the investment properties valued.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to Senior Vice President of finance department. Discussions of valuation processes and results are held between Senior Vice President of finance department, the valuation team and the valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at December 31, 2013, 2014 and 2015, the fair values of the properties have been determined by Colliers.

At each financial year end the finance department:

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

Valuation techniques

For completed logistics facilities, the valuation was determined primarily using DCF method and Term and Reversion approach, with 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;
Capitalization 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.

For logistics facilities which is still under construction or land held for future development, the valuation was based on similar DCF method and Term and Reversion approach but would take into account additionally the following estimates (in addition to the inputs noted above):

Costs to complete	These are largely consistent with internal budgets developed by the Group's finance department, based on management's experience and knowledge of market conditions. Costs to complete also include a reasonable profit margin;
Completion dates	Properties under construction or land held for future development require approval or permits from oversight bodies at various points in the development process, including approval or permits in respect of initial design, zoning, commissioning, and compliance with environmental regulations. Based on management's experience with similar developments, all relevant permits and approvals are expected to be obtained. However, the completion date of the development may vary depending on, among other factors, the timeliness of obtaining approvals and any remedial action required by the Group.

There were no changes to the valuation techniques during the Relevant Periods.

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

Description	Fair value at December 31, 2013 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Logistics facilities – completed .	836,000	DCF Method/ Term and Reversion Approach	Rental value	RMB 20-RMB 30 per month per square meter (RMB 25 per month per square meter)	The higher the rental value, the higher the fair value and vice versa
			Discount rate	10%-10.5% (10.25%)	The higher the discount rate, the lower the fair value and vice versa
			Term Yield	7%-8.25% (7.63%)	The higher the term yield, the lower the fair value and vice versa
			Reversionary Yield	7.5%-8.5% (8%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal Cap Rate	6.75%-7.25% (7%)	The higher the terminal cap rate, the lower the fair value and vice versa
			Rent Growth Rate	5%	The higher the rent growth rate, the higher the fair value and vice versa
Logistics facilities – under construction	836,000	DCF Method/ Term and Reversion Approach with consideration of outstanding costs of development	Discount rate	10%-10.5% (10.25%)	The higher the discount rate, the lower the fair value and vice versa
			Term Yield	7%	The higher the term yield, the lower the fair value and vice versa
			Reversionary Yield	7.5%-8.5% (8%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal Cap Rate	6.25%-7.25% (6.75%)	The higher the terminal cap rate, the lower the fair value and vice versa
			Rent Growth Rate	5%	The higher the rent growth rate, the higher the fair value and vice versa

Description	Fair value at December 31, 2014 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Logistics facilities – completed	1,758,000	DCF Method/ Term and Reversion Approach	Rental value	RMB 20-RMB 30 per month per square meter(RMB 25 per month per square meter)	The higher the rental value, the higher the fair value and vice versa
			Discount rate	9%-10% (9.5%)	The higher the discount rate, the lower the fair value and vice versa
			Term Yield	7%-8% (7.5%)	The higher the term yield, the lower the fair value and vice versa
			Reversionary Yield	7.25%-8.25% (7.75%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal Cap Rate	6%-7% (6.5%)	The higher the terminal cap rate, the lower the fair value and vice versa
			Rent Growth Rate	5%	The higher the rent growth rate, the higher the fair value and vice versa
Logistics facilities – under construction	1,309,000	DCF Method/ Term and Reversion Approach with consideration of outstanding costs of development	Discount rate	9.5%-10% (9.75%)	The higher the discount rate, the lower the fair value
			Term Yield	7 .5%-8% (7.75%)	The higher the term yield, the lower the fair value and vice versa
			Reversionary Yield	7.75%-8.25% (8%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal Cap Rate	6%-7% (6.5%)	The higher the terminal cap rate, the lower the fair value and vice versa
			Rent Growth Rate	4%-5% (4.5%)	The higher the rent growth rate, the higher the fair value and vice versa
Logistics facilities – land held for future development	23,000	DCF Method/ Term and Reversion Approach with consideration of outstanding costs of development	Discount rate	9.5%	The higher the discount rate, the lower the fair value and vice versa
			Reversionary Yield	7.75%	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal Cap Rate	6.5%	The higher the terminal cap rate, the lower the fair value and vice versa
			Rent Growth Rate	5%	The higher the rent growth rate, the higher the fair value and vice versa

Description	Fair value at December 31, 2015 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
Logistics facilities – completed	4,710,000	DCF Method/Term and Reversion Approach	Rental value	RMB 13-RMB 30 per month per square meter(RMB 22 per month per square meter)	The higher the rental value, the higher the fair value and vice versa
			Discount rate	8.25%-9.25% (8.75%)	The higher the discount rate, the lower the fair value and vice versa
			Term Yield	5.5%-7.5% (6.5%)	The higher the term yield, the lower the fair value and vice versa
			Reversionary Yield	6%-7.75% (6.88%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal Cap Rate	5.25%-6.5% (5.88%)	The higher the terminal cap rate, the lower the fair value and vice versa
			Rent Growth Rate	4%-8% (6%)	The higher the rent growth rate, the higher the fair value and vice versa
Logistics facilities – under construction	3,102,000	DCF Method/ Term and Reversion Approach with consideration of outstanding costs of development	Discount rate	8.75%-9.5% (9.13%)	The higher the discount rate, the lower the fair value and vice versa
			Reversionary Yield	7.25%-8% (7.63%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal Cap Rate	6%-6.75% (6.38%)	The higher the terminal cap rate, the lower the fair value and vice versa
			Rent Growth Rate	4%-5% (4.5%)	The higher the rent growth rate, the higher the fair value and vice versa
Logistics facilities – land held for future development	1,897,000	DCF Method/ Term and Reversion Approach with consideration of outstanding costs of development	Discount rate	8.25%-9.5% (8.88%)	The higher the discount rate, the lower the fair value and vice versa
			Reversionary Yield	6.5%-8% (7.25%)	The higher the reversionary yield, the lower the fair value and vice versa
			Terminal Cap Rate	5.5%-6.75% (6.13%)	The higher the terminal cap rate, the lower the fair value and vice versa
			Rent Growth Rate	4%-5% (4.5%)	The higher the rent growth rate, the higher the fair value and vice versa

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction or land held for future development, increases in construction costs that enhance the property's features may result in an increase of future rental values. An increase in future rental income may be linked with higher costs. If the remaining lease term increases, the yield may decrease.

8 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognized in the consolidated balance sheets are as follows:

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Associates	–	–	108,465

The amounts recognized in the consolidated statements of comprehensive income are as follows:

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Associates	8,570	–	16,215

Pursuant to a share transfer agreement dated March 15, 2013 between Shanghai Yupei and Shimmer Profits Limited, Shanghai Yupei transferred its remaining 30% equity interests in Suzhou Yuhang and Yuhang Anting to Shimmer Profits Limited at the consideration of RMB38,202,000 and RMB108,362,000, respectively. RMB4,468,000 net disposal gain was recognized in the consolidated statements of comprehensive income (Note 24). This transaction was completed in June 2013, and then Suzhou Yuhang and Yuhang Anting ceased to be the associates of the Group.

Investment in an associate

Set out below are the associate of the Group as at December 31, 2015, which, in the opinion of the directors, are material to the Group. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also its principal place of business.

Nature of investment in an associate as at December 31, 2015:

Name of entity	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Shanghai Hongyu Logistics Co., Ltd. ("Shanghai Hongyu")	Shanghai/PRC	41%	Associate	Equity

Shanghai Hongyu was jointly established by Yupei Anhui Logistics Property Development Co., Ltd., subsidiary of the Group, and external third parties, Shanghai Xingchao Investment Management Co., Ltd. and Shanghai Tianzhuo Investment Management Co., Ltd. in March 2015. Its major operation is logistics facility leasing and provision of related management services.

There are no contingent liabilities relating to the Group's interest in its associates as at December 31, 2013, 2014 and 2015.

Summarized financial information for associates

Set out below are the summarized financial information as at December 31, 2015 and for the period from March 23, 2015, date of incorporation, to December 31, 2015 for Shanghai Hongyu, which is accounted for using the equity method.

Summarized balance sheet

	December 31, 2015
	RMB'000
Current	
Cash and cash equivalents	792
Other receivables	42,160
Total current assets	**42,952**
Trade and other payables	(3,562)
Borrowings	(260,000)
Total current liabilities	**(263,562)**
Non-current	
Investment properties	498,000
Property, plant and equipment	610
Total non-current assets	**498,610**
Deferred income tax liabilities	(13,452)
Total non-current liabilities	**(13,452)**
Net assets	**264,548**

Summarized statement of comprehensive income

	Period from March 23, 2015, date of incorporation, to December 31, 2015
	RMB'000
Finance income	79
Other expenses	(887)
Fair value gains on investment properties – net	53,808
Profit before income tax	53,000
Income tax expense	(13,452)
Post-tax profit for the period	39,548
Other comprehensive income	–
Total comprehensive income for the period	39,548

Reconciliation of summarized financial information

	Period from March 23, 2015, date of incorporation, to December 31, 2015
	RMB'000
Net assets on the date becoming associate of the Group	225,000
Profit for the period	39,548
Net assets as at December 31, 2015	264,548
Interest in associates (41%)	108,465
Carrying value	108,465

9 DEFERRED INCOME TAX

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

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Deferred tax assets:			
– Deferred tax asset to be recovered after more than 12 months	2,719	7,858	–
– Deferred tax asset to be recovered within 12 months	–	–	–
	2,719	7,858	–
Deferred tax liabilities:			
– Deferred tax liability to be recovered after more than 12 months	(169,487)	(278,323)	(989,388)
– Deferred tax liability to be recovered within 12 months	(87)	(102)	(713)
	(169,574)	(278,425)	(990,101)

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

	Total
	RMB'000
At January 1, 2013	(78,350)
Charged to the consolidated statements of comprehensive income (Note 26)	(88,505)
At December 31, 2013	(166,855)
At January 1, 2014	(166,855)
Charged to the consolidated statements of comprehensive income (Note 26)	(103,712)
At December 31, 2014	(270,567)
At January 1, 2015	(270,567)
Charged to the consolidated statements of comprehensive income (Note 26)	(658,689)
Business combination (Note 33)	(59,762)
Disposal of a subsidiary	(1,083)
At December 31, 2015	(990,101)

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

Deferred tax assets	Government grant	Tax losses	Fair value losses on hybrid instruments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2013	1,130	5,202	–	6,332
(Charged)/credited to the consolidated statements of comprehensive income	(24)	(5,202)	2,976	(2,250)
At December 31, 2013	1,106	–	2,976	4,082
At January 1, 2014	1,106	–	2,976	4,082
(Charged)/credited to the consolidated statements of comprehensive income	(23)	6,331	9,893	16,201
At December 31, 2014	1,083	6,331	12,869	20,283
At January 1, 2015	1,083	6,331	12,869	20,283
(Charged)/credited to the consolidated statements of comprehensive income	–	10,878	47,832	58,710
Disposal of a subsidiary	(1,083)	–	–	(1,083)
At December 31, 2015	–	17,209	60,701	77,910

Deferred tax liabilities	Government grant	Leasing income on straight-lined basis	Fair value gains on investment properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2013	–	(1,726)	(82,956)	(84,682)
(Charged)/credited to the consolidated statements of comprehensive income	(259)	146	(86,142)	(86,255)
At December 31, 2013	(259)	(1,580)	(169,098)	(170,937)
At January 1, 2014	(259)	(1,580)	(169,098)	(170,937)
(Charged)/credited to the consolidated statements of comprehensive income	(4,652)	87	(115,348)	(119,913)
At December 31, 2014	(4,911)	(1,493)	(284,446)	(290,850)
At January 1, 2015	(4,911)	(1,493)	(284,446)	(290,850)
(Charged)/credited to the consolidated statements of comprehensive income	(13,936)	(2,418)	(701,045)	(717,399)
Business combination (Note 33)	–	–	(59,762)	(59,762)
At December 31, 2015	(18,847)	(3,911)	(1,045,253)	(1,068,011)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. At December 31, 2013, 2014 and 2015, the Group did not recognize deferred income tax assets of RMB764,000, RMB1,002,000 and RMB 20,498,000 in respect of losses amounting to RMB3,055,000, RMB4,006,000 and RMB81,992,000 that can be carried forward against future taxable income. At December 31, 2015, losses amounting to RMB560,000, RMB2,052,000, RMB21,384,000 and RMB57,996,000 will expire in 2017, 2018, 2019 and 2020 respectively.

The Group did not recognize deferred tax liability on accumulated undistributed profit of its subsidiaries as at December 31, 2013, 2014 and 2015, due to the subsidiaries do not intend to distribute dividend in foreseeable future.

10 Long-term trade receivables and other long-term prepayments

(a) Long-term trade receivables

As at December 31, 2013, 2014 and 2015, the balance of long-term receivables is as follows:

	As at December 31,		
	2013	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
Rental income receivables	6,320	5,972	15,644

(b) Other long-term prepayments

As at December 31, 2013, 2014 and 2015, the balance of other long-term prepayments is as follows:

	As at December 31,		
	2013	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
Prepayment for land use rights (i)	38,580	145,978	–
Prepayment for construction costs	77,980	119,997	106,586
Long-term prepaid expenses	1,805	6,569	16,075
	118,365	272,544	122,661

(i) Prepayments for acquisition of land use rights are related to acquisition of land for property development and then for lease purposes, of which the ownership certificates have not been obtained yet as at the balance sheet dates.

11 Trade and other receivables and prepayments

(a) Trade and other receivables

	As at December 31,		
	2013	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
Trade receivables			
Rental income receivables	612	693	9,816
Other receivables			
Other receivables for land use rights and other deposits	2,318	81,512	67,223
Other receivables due from third parties	2,197	664	2,117
Other receivables due from related parties (Note 32)	40,594	11,441	419
	45,109	93,617	69,759
	45,721	94,310	79,575

As at December 31, 2013, 2014 and 2015, the fair value of the current portion of trade and other receivables of the Group approximated their carrying amounts.

As at December 31, 2013, 2014 and 2015, all the carrying amounts of trade and other receivables were denominated in RMB.

As at December 31, 2013, 2014, and 2015, the aging analysis of the trade receivables is as follows:

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Up to 30 days	547	641	8,084
31 to 90 days	65	52	1,672
91 to 365 days	–	–	60
	612	693	9,816

As at December 2013, 2014 and 2015, all trade receivables are past due but not impaired. These relate to a number of third-party customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts are considered recoverable. The ageing analysis of these trade receivables is as follows:

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Past due – within 90 days	612	693	9,756
– from 91 to 365 days	–	–	60
	612	693	9,816

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 carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(b) Prepayments

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Prepayments for listing expenses	–	–	8,110
Prepayments for utilities	719	2,452	4,015
Prepaid taxes	543	1,117	1,245
	1,262	3,569	13,370

12 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH – GROUP AND COMPANY

(a) Cash and cash equivalents and restricted cash – Group

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	105,565	1,219,929	821,573
Less: Restricted cash (i)	(900)	(541,501)	(800)
Cash and cash equivalents	104,665	678,428	820,773

(i) As at December 31, 2013 , 2014 and 2015, restricted deposits of RMB800,000 were held at bank as collateral for the bank borrowings (Note 16).

As at December 31, 2013 and 2014, RMB100,000 were held at bank as collateral for construction payables.

As at December 31, 2014, restricted deposits of RMB50,000,000 were held at bank as collateral for the bank notes payable (Note 20), RMB490,601,000 were held at bank as collateral for advances from related parties (Note 32(j)).

Cash at bank and on hand are denominated in the following currencies:

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
RMB	100,586	850,527	689,107
US$	4,979	367,581	129,743
Hong Kong Dollars ("HK$")	–	1,821	2,723
	105,565	1,219,929	821,573

(b) Cash and cash equivalents – Company

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	–	20,460	45,400

Cash at bank and on hand are denominated in the following currencies:

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
RMB	–	5,425	922
US$	–	14,895	44,156
HK$	–	140	322
	–	20,460	45,400

13 SHARE CAPITAL – GROUP AND COMPANY

(a) Authorized shares

	Number of authorized shares
At November 12, 2013 (date of the Company's incorporation) and December 31, 2013	50,000
Increase of authorized shares (i)	450,000
At December 31, 2014 and 2015	500,000

(i) Pursuant to the shareholder resolution of the Company dated April 25, 2014, the number of the authorized shares increased from 50,000 to 500,000 at the par value of US$1 per share.

(b) Issued shares

	Number of issued shares	Ordinary shares
		RMB'000
At November 12, 2013 (date of the Company's incorporation)	–	–
Issue of ordinary shares (i)	50,000	310
At December 31, 2013, 2014 and 2015	50,000	310

(i) Upon incorporation on November 12, 2013, the Company issued 50,000 ordinary shares to Yupei Investment Management at the par value of US$1 per share, with total proceeds of US$50,000 (equivalent to RMB310,000).

14 RETAINED EARNINGS – GROUP AND ACCUMULATED LOSSES – COMPANY

(a) Retained earnings – Group

	Year ended December 31, 2013	2014	2015
	RMB'000	RMB'000	RMB'000
At January 1,	246,610	479,217	626,716
Profit for the year	233,771	147,843	1,205,365
Appropriation to statutory reserves (Note 15)	(1,164)	(344)	(734)
At December 31,	479,217	626,716	1,831,347

(b) Accumulated losses – Company

	The period from November 12, 2013 (date of incorporation) to December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2015
	RMB'000	RMB'000	RMB'000
At beginning of the period/year	–	–	(126,906)
Loss for the period/year	–	(126,906)	(727,221)
At end of the period/year	–	(126,906)	(854,127)

15 OTHER RESERVES

(a) Other reserves – Group

	Reorganization reserve (I)	Statutory reserves (II)	Others (III)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2013	537,461	358	–	537,819
Acquisition of Shanghai Yupei under capital reorganization (Note 1.2(b))	(527,000)	–	–	(527,000)
Appropriation to statutory	–	1,164		1,164
At December 31, 2013	10,461	1,522	–	11,983
At January 1, 2014	10,461	1,522	–	11,983
Appropriation to statutory reserves	–	344	–	344
At December 31, 2014	10,461	1,866	–	12,327
At January 1, 2015	10,461	1,866	–	12,327
Deemed contribution from Yupei Investment Management (Note 17.3)	–	–	139,716	139,716
Appropriation to statutory reserves	–	734	–	734
At December 31, 2015	10,461	2,600	139,716	152,777

(b) Other reserves – Company

	Reorganization reserve (I)	Statutory reserves (II)	Others (III)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At November 12, 2013 (date of the Company's incorporation), January 1, 2014 and 2015	–	–	–	–
Deemed contribution from Yupei Investment Management (Note 17.3)	–	–	139,716	139,716
At December 31, 2015	–	–	139,716	139,716

(I) Reorganization reserve

The balance of reorganization reserve as at January 1, 2013 represents the share capital and share premium of Shanghai Yupei amounting to RMB336,275,000 and RMB201,186,000 respectively prior to the capital reorganization as described in Note 1.2.

(II) Statutory reserves

Pursuant to the Company Law of the PRC and the articles of association of certain PRC subsidiaries, the subsidiaries in the PRC are required to appropriate 10% of each year's net profit (after offsetting previous years' losses) to statutory surplus reserve until the fund aggregates to 50% of their registered capital; after the appropriation to statutory surplus reserve, the subsidiaries in the PRC can appropriate profit, subject to respective equity holders' approval, to discretionary surplus reserve.

The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to equity holders. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the respective companies. The entities in the PRC may transfer their respective statutory surplus reserves into paid-in capital, provided that the balance of the statutory surplus reserve after such transfer is not less than 25% of the registered capital.

(III) Others

Others represent the contribution from Yupei Investment Management, the parent company, arising from the prepayable loans with RRJ Sherlock and SeaTown (Note 17.3).

16 BORROWINGS

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Non-current			
Bank borrowings			
– Mortgaged bank borrowings (a)	300,868	635,768	934,385
Current			
Bank borrowings			
– Mortgaged bank borrowings (a)	41,830	42,410	644,691
– Guaranteed loan (b)	20,000	–	–
	61,830	42,410	644,691
Total borrowings	362,698	678,178	1,579,076

(a) As at December 31, 2013, 2014 and 2015, mortgaged bank borrowings of RMB342,698,000, RMB301,184,000 and RMB1,303,145,000 are secured by the investment properties of the Group amounting to RMB1,154,000,000, RMB1,352,000,000, and RMB5,289,000,000 respectively (Note 7).

As at December 31, 2014 and 2015, mortgaged bank borrowings of RMB185,450,000 and RMB87,625,000 is guaranteed by Mr. Li (Note 32(k)), and secured by the investment properties of the Group amounting to RMB484,000,000 and RMB304,000,000, respectively (Note 7).

As at December 31, 2014 and 2015, mortgaged bank borrowings of RMB191,544,000 and RMB188,306,000 are secured by restricted deposits of the Group amounting to RMB800,000 (Note 12), and secured by the investment properties of the Group amounting to RMB519,000,000 and RMB 702,000,000, respectively (Note 7).

(b) As at December 31, 2013, short-term bank borrowings of RMB20,000,000 is guaranteed by Mr. Li and Shanghai Yupei Industrial jointly (Note 32(k)).

The fair value of current and non-current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of long-term bank lending rates and within level 2 of the fair value hierarchy.

As at December 31, 2013, 2014 and 2015, bank borrowings of RMB119,263,000, RMB104,424,000 and RMB 89,927,000, respectively bear fixed interest rates and the remaining borrowings bear floating interest rates.

At December 31, 2013, 2014 and 2015, the carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at December 31,		
	2013	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
RMB	362,698	678,178	1,277,250
US$	–	–	301,826
	362,698	678,178	1,579,076

At December 31, 2013, 2014 and 2015, the Group has the following undrawn borrowing facilities:

	As at December 31,		
	2013	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
Floating rate:			
– Expiring within one year	–	–	132,000

At December 31, 2013, 2014 and 2015 the Group's borrowings were repayable as follows:

	As at December 31,		
	2013	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
Within 1 year	61,830	42,410	646,604
Between 1 and 2 years	–	75,422	104,856
Between 2 and 5 years	13,530	353,938	449,063
Over 5 years	287,338	206,408	378,553
	362,698	678,178	1,579,076

The weighted average interest rate of the borrowings is 6.7%, 6.2% and 5.3% for year 2013, 2014 and 2015.

17 FINANCIAL INSTRUMENTS BY CATEGORY

17.1 Convertible note – Group and Company

	RMB'000
At January 1, 2014	–
Issuance	923,787
Fair value change	140,460
At December 31, 2014	1,064,247
At January 1, 2015	1,064,247
Issuance	612,951
Payment of interest	(10,253)
Fair value change	442,722
At December 31, 2015	2,109,667

On April 4, 2014, the Company entered into an Initial Note Purchase Agreement with RRJ Berkeley, and on April 25, 2014 entered into the 2014 Note with RRJ Berkeley and SeaTown, respectively. The 2014 Note has a principal of US$150,000,000 (approximately RMB923,787,000), and a maturity period of four years, bearing an interest rate of 10% per annum.

Also in the Initial Note Purchase Agreement, RRJ Berkeley and SeaTown wrote an option to the Company to further issue additional note. In the event that the proceeds from investments made to the Group companies are fully or substantially utilized, at the request of the Company, RRJ Berkeley and SeaTown agree to purchase, and the Company agrees to issue and sell to RRJ Berkeley and SeaTown, a convertible note, i.e. the 2015 Note, in a principal amount of US$100,000,000 on the same terms and conditions as 2014 Note, and the 2015 Note thereof subject to certain adjustment (the "Call Option").

On January 26, 2015, for the purpose of exercising its Call Option to further issue additional note as specified in the Initial Note Purchase Agreement, the Company entered into a Note Purchase Agreement with RRJ Berkeley. On February 10, 2015, immediately before the issuance of the additional note, the Company, RRJ Berkeley and SeaTown made a modification to the 2014 Note on the automatic conversion rate and the optional conversion rate. On the same day, the Company entered into the 2015 Note with RRJ Berkeley and SeaTown respectively. The 2015 Note has a principal of US$100,000,000 (approximately RMB612,951,000), and a maturity period of four years, bearing an interest rate of 10% per annum.

On February 5, 2016, the Company entered into amended and restated convertible promissory notes with RRJ Berkeley and SeaTown, respectively, which amend and restate, in their entirety, the 2014 Note (the "Amended and Restated 2014 Note") and 2015 Note (the "Amended and Restated 2015 Note") (together the "Amended and Restated Notes").

The Amended and Restated 2014 Note and the Amended and Restated 2015 Note has a principal of US$150,000,000 and US$100,000,000, respectively, and will be matured by April 25, 2018 and February 10, 2019 respectively, bearing an interest rate of 10% per annum.

The key features of the 2014 Note and 2015 Note, and the key modifications are as follows:

(a) Redemption

Redemption upon event of default

Upon the occurrence of any event of default, the Company shall pay to RRJ Berkeley and SeaTown a cash amount equal to the redemption price (the "RRJ Berkeley and SeaTown Redemption Price"), which is the sum of the outstanding principal amount plus all accrued and unpaid interest, and an additional amount to enable the RRJ Berkeley and SeaTown to achieve an IRR of 20%.

Redemption upon IPO

By written notice delivered to the Company at least ten (10) business days prior to the A1 submission date, the RRJ Berkeley and SeaTown shall be entitled to, upon the consummation of a qualified IPO, in lieu of receiving the conversion shares and cash (if any) pursuant to Note 17.1(c), receive the RRJ Berkeley and SeaTown Redemption Price.

Early redemption (only applicable to the Amended and Restated Notes)

In the event that the Company has not consummated a qualified IPO within six months following the A1 submission date (the "A1 Expiry Date"), RRJ Berkeley and SeaTown shall have the right at their option at any time from the A1 Expiry Date to require the Company to redeem the Amended and Restated Notes at the RRJ Berkeley and SeaTown Redemption Price.

(b) Liquidation

Upon any liquidation, dissolution or winding up of the Company, the Company shall pay to RRJ Berkeley and SeaTown a cash amount equal to the higher of (a) the RRJ Berkeley and SeaTown Redemption Price, and (b) the cash amount RRJ Berkeley and SeaTown would be entitled to receive as shareholders of the Company had RRJ Berkeley and SeaTown converted the entire outstanding principal amount plus all accrued and unpaid interest to a number of ordinary shares of the Company representing 36.8333%, and 5.6667% respectively of the total issued share capital of the Company on a fully-diluted, as-converted base.

(c) Conversion (modified in the Amended and Restated Notes)

Under the 2014 Note and 2015 Note, RRJ Berkeley and SeaTown may, at any time before the 2014 Note and 2015 Note maturity date, convert the entire outstanding principal amount of the 2014 Note and 2015 Note plus the accrued and unpaid interest thereon into a number of ordinary shares of the Company representing 36.8333% and 5.6667% respectively of the outstanding voting securities of the Company on a fully-diluted, as-converted basis. This optional conversion feature together with the automatic conversion features of 2014 Note and 2015 Note have been modified in the amended and restated convertible promissory notes.

The Amended and Restated Notes shall be automatically converted into ordinary shares at the same time of the Company issuing ordinary shares to investors in connection with the qualified IPO and the RRJ Berkeley and SeaTown shall receive the number of fully paid and non-assessable shares of ordinary shares equal to (i) the Conversion Amount divided by (ii) the Conversion Price then in effect.

(i) Conversion Price. The initial conversion price, as may be adjusted as further described below, is US$9,925.3613 per ordinary share. Such initial conversion price would result in the conversion of the Amended and Restated Notes into 25,188 ordinary shares, which, calculated on a fully-diluted basis as of the date hereof, would represent 33.5% of the total issued share capital of the Company as of such date and time of conversion.

(ii) Conversion Price Adjustment. In the event that the Company issues ordinary shares to any person other than RRJ Berkeley and SeaTown before the conversion, the Conversion Price shall be adjusted to ensure RRJ Berkeley and SeaTown's shareholding percentage in the Company remain unchanged.

Upon the conversion of the Amended and Restated Notes into ordinary shares of the Company prior to or on December 31, 2016, all interest accrued and unpaid shall be forgiven. Notwithstanding anything contained herein to the contrary, any accrued and unpaid interest shall not be convertible into ordinary shares in connection with the conversion.

The Group has designated the 2014 Note and 2015 Note as financial liabilities at fair value through profit or loss. The entire convertible notes are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise. The Call Option of the 2014 Note is derivative in nature. Part of the consideration from the issuance of the 2014 Note shall be allocated to the Call Option, and the Call Option shall be recognized and measured at fair value separately, both initially and subsequently.

The modification of the 2014 Note on February 10, 2015 was not regarded as an extinguishment of the 2014 Note. The difference between the carrying amount of 2014 Note immediately before and after the modification was recognized in the consolidated statements of comprehensive income.

17.2 Redeemable convertible deemed preferred shares – Group

	RMB'000
At January 1, 2013	–
Issuance	267,997
Fair value change	11,906
At December 31, 2013	279,903
At January 1, 2014	279,903
Issuance	519,605
Fair value change	69,763
At December 31, 2014	869,271
At January 1, 2015	869,271
Issuance	447,683
Fair value change	378,687
At December 31, 2015	1,695,641

On June 18, 2013, Yupei Parties entered into a Framework Contract with Carlyle. Pursuant to the Framework Contract, Carlyle wishes to invest in the Project Companies in the 2 years investment period, starting from June 18, 2013, and to provide shareholder loans to Project Companies.

The detailed contract terms and the key features are analyzed below:

(a) Liquidation

Upon liquidation of the Project Companies, before any distribution or payment to be made to the parent companies of the Project Companies, Carlyle shall be entitled to receive an amount equal to 112% of its investment principal amount. After that, any remaining assets shall be paid to the parent companies of the Project Companies to entitle the parent companies to receive an amount equal to 112% of its investments in the Project Companies. And then, any remaining assets shall be distributed rateably between the parent companies of the Project Companies and Carlyle based on their shareholding percentage.

The following events shall be treated as liquidation: Sale of the substantially all of the assets of the Project Companies; and Drag-Along sale of Carlyle's equity interests in the Project Companies to third parties.

(b) Redemption

Redemption upon maturity of investment period

The investment period is 2 years commencing from June 18, 2013, the date of signing the Framework Contract, during which, the total investment amount shall reach to US$200 million or Yupei Parties shall provide Carlyle with at least 17 Project Companies for investment, otherwise Carlyle has the right to request Yupei Parties to redeem the entire investment amount at a price entitle Carlyle to receive an after-tax IRR of 12% on any date before the maturity of the investment period.

The maturity of the investment period was expired on June 17, 2015. The Yupei Parties provided Carlyle 18 Project Companies in total with investment amount of US$ 201 million.

Redemption upon event of default

Upon the occurrence of any event of default, Carlyle may request Yupei Parties redeem all or a portion of its investments and shareholder loans in the Project Companies. The redemption price shall be the total investment and shareholder loan principal amount plus interest accrued at the after-tax IRR of 20%.

Redemption upon IPO

The Company needs to complete a qualified IPO, as defined in the Framework Contract, after 4.5 years from the date of entering into the Framework Contract, i.e. June 18, 2013. Upon confirming the engagement of the IPO sponsors and underwriters, Carlyle has the choice to require Yupei Parties redeem its entire investments in the Project Companies and shareholder loans plus accrued and unpaid interest.

This term has been modified on February 28, 2016 pursuant to a share sale and purchase agreement (the "SPA") entered into between the Company and Carlyle (Note 17.2(d)).

(c) Conversion

Upon confirming the engagement of the IPO sponsors and underwriters, Carlyle also has the choice to convert its entire investments in the Project Companies and shareholder loans plus accrued and unpaid interest into a number of ordinary shares of the Company.

This term has been modified on February 28, 2016 pursuant to the SPA entered into between the Company and Carlyle (Note 17.2(d)).

(d) Modification on redeemable convertible deemed preferred shares

On February 28, 2016, the Company entered into a SPA with Carlyle, pursuant to which Carlyle shall sell and the Company shall purchase from Carlyle the investments in the 18 Project Companies on the First Dealing Date, the date on which dealings in the shares of the Company first commence on the Stock Exchange of Hong Kong Limited (the "SPA Closing"). The purchase price has been predetermined and shall be paid by the Company as:

(i) immediately prior to the consummation of the qualified IPO, the Company shall at SPA Closing issue the number of ordinary shares of the Company in the amount equal to the quotient ("Carlyle Consideration Shares") obtained by dividing (x) the HK$ equivalent of US$120,000,000 by (y) the final initial public offering price per ordinary share of the Company in the qualified IPO; and

(ii) upon the consummation of the qualified IPO but in any event on the First Dealing Date, the Company shall pay Carlyle an amount of the purchase price less US$120,000,000, being the value of the Carlyle Consideration Shares as of the date of consummation of the qualified IPO (the "Cash Consideration").

On the same day, the Company and Yupei Parties entered into a consent agreement with Carlyle. Each of the Yupei Parties, the Company and Carlyle agree that, upon the occurrence of the qualified IPO, the Framework Contract signed on June 18, 2013 shall be forthwith terminated. The agreement shall automatically terminate and cease to have any effect if the SPA Closing has not occurred by September 30, 2017.

The investment made by Carlyle as Yupei Parties' joint venture partner was accounted for as redeemable convertible deemed preferred shares instead of non-controlling interests at the Project Companies, primarily because (i) the conditions triggering the customary exit rights are beyond Yupei Parties' control; and (ii) the amounts payable by Yupei Parties in terms of an exercise of such exits rights are determined with reference to a predetermined investment return provided in the Framework Contract. According to IAS 32 and the relevant accounting standards:

- A financial instrument may require the entity to deliver cash or another financial asset, or otherwise to settle it in such a way that it would be a financial liability, in the event of the occurrence or non-occurrence of uncertain future events (or on the outcome of uncertain circumstances) that are beyond the control of both the issuer and the holder of the instrument, and the issuer of such an instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability)

- When classifying a financial instrument (or a component of it) in consolidated financial statements, an entity shall consider all terms and conditions agreed between members of the group and the holders of the instrument in determining, on whether the group as a whole has an obligation to deliver cash or another financial asset in respect of the instrument or to settle it in a manner that results in liability classification. When a subsidiary within the group issues a financial instrument and the parent or other group entity agrees additional terms with the holders of the instrument (e.g. a guarantee), the group may not have discretion over distribution or redemption. Although the subsidiary may appropriately classify the instrument without regard to these additional terms in its individual financial statements, the effect of other agreements between members of the group and the holders of the instrument is considered in order to ensure that consolidated financial statements reflect the contracts and transactions entered into by the group as a whole. To the extent that there is such an obligation or settlement provision, the instrument (or the component of it that is subject to the obligation) is classified as a financial liability in the consolidated financial statements.

- Whether a non-controlling interest shall be recognized in the consolidated financial statements of a group depends on whether the risks and rewards of ownership of the equity instruments has been transferred from the holders to the group. If the amount payable to the holders of the equity instruments in case of an exit is subject to certain guaranteed investment return, the risks and rewards of ownership of the equity instruments are considered to be transferred from the holders of the equity instruments to the group.

Considering the relevant terms of the Framework Contract and the relevant accounting standards, notwithstanding each of the Project Companies treats the capital investment made by Carlyle as an equity instrument in its individual financial statements, these capital investments should not be treated as non-controlling interests, but classified as financial liabilities in the Group's Financial Information.

The Group has designated the redeemable convertible deemed preferred shares as financial liabilities at fair value through profit or loss. The entire redeemable convertible deemed preferred shares are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

17.3 Prepayable loans – Group and Company

	RMB'000
At January 1, 2015	–
Issuance	1,390,317
Payment of interest	(38,750)
Fair value change	299,333
At December 31, 2015	1,650,900

On April 20, 2015, the Company entered into 2015 Loan with RRJ Sherlock and SeaTown, and the Founder Parties. Pursuant to the Loan Agreements, the Company borrowed an aggregated principal amount of US$225,000,000 (approximately RMB1,377,045,000) and US$25,000,000 (approximately RMB152,988,000) from RRJ Sherlock and SeaTown respectively, which have a maturity period of two years, bearing an interest rate of 12% per annum. Thereafter, SeaTown entered into a Loan Participation Agreement with Moussedragon on August 19, 2015, pursuant to which, SeaTown granted to Moussedragon a participation in part of the 2015 Loan with amount of US$5,000,000 in exchange for US$5,000,000.

On February 5, 2016, the Company entered into amended and restated loan agreements with RRJ Sherlock and SeaTown, and the Founder Parties (the "Amended and Restated Loan Agreement"), pursuant to which terms on the 2015 Loan have been amended and restated (the "Amended and Restated Loan"). Under the Amended and Restated Loan Agreement, the principal amount of the loan borrowed from RRJ Sherlock and SeaTown is US$225,000,000 and US$25,000,000, respectively. The Amended and Restated Loans will be matured on May 28, 2017 and bear an interest rate of 12% per annum.

Certain key features of the 2015 Loan and the key modifications are as follows:

(a) Optional prepayment

The Company may prepay the loan in whole or in part, provided that, the principal amount of the loan being prepaid shall be an amount equals to twenty percent (20%) of the principal amount or its integral multiples. Each prepayment of principal on the loan under shall be accompanied by payment of an interest (the "Prepayment Interest") that equals to the accrued and unpaid interest as of the date of the prepayment (the "Prepayment Date"). Provided, however, that in the event that the Prepayment Date falls on a date that is prior to the first (1st) anniversary of the borrowing date, the Prepayment Interest shall be calculated as if the prepayment were made on the date that is the first (1st) anniversary of the borrowing date.

(b) Redemption

Redemption upon event of default

Upon the occurrence of any event of default, RRJ Sherlock, SeaTown and Moussedragon may declare all sums of interest and principal remaining on the loan and all other sums outstanding under or in respect of the loan agreement to be immediately due and payable.

Redemption upon IPO (only applicable to the Amended and Restated Loan)

In the event that (i) an IPO has consummated on or prior to the maturity date, and (ii) the Company fails to repay any outstanding principal amount and all accrued and unpaid interest in full to RRJ Sherlock, SeaTown and Moussedragon within 10 days after the closing date of the IPO (the "IPO Repayment Date"), such outstanding principal amount and all accrued and unpaid interest shall accrue interest daily, at a rate of twenty percent (20%), from the IPO Repayment Date to the date on which such outstanding amount is repaid in full by the Company.

(c) Contribution from Yupei Investment Management

On the borrowing date, Yupei Investment Management shall sell and transfer to RRJ Sherlock and SeaTown an aggregate of 810 and 90 fully paid and non-assessable ordinary shares (the "Consideration Shares"), standing for 1.62% and 0.18% ordinary shares of the Company with a par value of US$1 per share, for an aggregate purchase price of US$1. Further, pursuant to the Loan Participation Agreement, SeaTown sells to Moussedragon 18 Consideration Shares, standing for 0.036% ordinary shares of the Company, for an aggregate price of US$18.

(d) Guarantee from the Founder Parties

In the event that an IPO has not consummated on or prior to the maturity date, RRJ Sherlock, SeaTown and Moussedragon have the right to require the Founder Parties to purchase all of the Consideration Shares at an aggregate price equal to an amount (the "Purchase Price") such that the sum of the Purchase Price shall enable RRJ Sherlock, SeaTown and Moussedragon to achieve an IRR of at least 20% in respect of the principal amount.

The optional prepayment embedded is not closely related to the host debt, and therefore is a derivative liability and shall be bifurcated from the host debt unless the whole instrument is designated by the Company as at fair value through profit or loss. The Group has designated the 2015 Loan as financial liabilities at fair value through profit or loss. The entire prepayable loans are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

Associated with the issuance of the 2015 Loan, Yupei Investment Management transfers the Consideration Shares to RRJ Sherlock, SeaTown and Moussedragon at a nominal amount (i.e. US$1). As Yupei Investment Management held 100% of the outstanding ordinary shares of the Company immediately before the issuance of the 2015 Loan, the substance indicates that Yupei Investment Management made equity contributions to the Company. And also the Founder Parties guarantee RRJ Sherlock, SeaTown and Moussedragon an IRR of the prepayable loan being not less than 20% in the event that an IPO has not consummated on or prior to the maturity date. There's no guarantee from the Group in respect of the purchase obligation of the Founder Parties. Therefore, the Founder Parties' guarantee could be viewed as an option written to RRJ Sherlock, SeaTown and Moussedragon to guarantee the value of Consideration Shares by making compensation for the repurchasing to ensure the IRR of not being less than 20%. As a result, the aggregate fair value of the Consideration

Shares and the written put option on the borrowing date minus the nominal amount received would be deemed as equity contribution to the Company by the Founder Parties and are recorded in "other reserve" on the consolidated balance sheets.

17.4 Redeemable convertible ordinary shares – Group

	RMB'000
At January 1, 2015	–
Issuance	299,446
Fair value change	34,819
At December 31, 2015	334,265

On March 11, 2015 and May 18, 2015, Yuji Parties entered into an Investment Agreement and a supplementary agreement with FD Insurance, respectively, pursuant to which, FD Insurance wishes to invest in one of the project subsidiaries of the Company, Yupei East China Logistics with investment amount of US$48,150,500 (approximately RMB299,446,000).

The detailed contract terms and the key features are analyzed below:

(a) Redemption

Upon the occurrence of any event of default, FD Insurance may request Yuji Parties redeem all or a portion of its investments in Yupei East China Logistics. The redemption price shall be the total investment amount plus interest accrued at the after-tax IRR of 20%.

(b) Conversion

The Company needs to complete a qualified IPO on or before December 18, 2017. Upon confirming the engagement of the IPO sponsors and underwriters, FD Insurance needs to convert its entire investments in Yupei East China Logistics into a number of ordinary shares of the Company equal to the quotient obtained by dividing (x) the redemption price, which is the sum of the outstanding investment and an additional amount to enable FD Insurance to achieve an after-tax IRR of 18%, by (y) the Per Share IPO Price.

The Group has designated the redeemable convertible ordinary shares as financial liabilities at fair value through profit or loss. The entire redeemable convertible ordinary shares are initially and subsequently measured at fair value, with changes in fair value recognized in the consolidated statements of comprehensive income in the year in which they arise.

18 DEFERRED INCOME

	RMB'000
At January 1, 2013	4,518
Additions	17,419
Credit to the consolidated statement of comprehensive income (Note 23)	(3,423)
At December 31, 2013	18,514
At January 1, 2014	18,514
Additions	4,517
Credit to the consolidated statement of comprehensive income (Note 23)	(18,700)
At December 31, 2014	4,331
At January 1, 2015	4,331
Additions	121,035
Credit to the consolidated statement of comprehensive income (Note 23)	(121,035)
Disposal of a subsidiary	(4,331)
At December 31, 2015	–

These mainly represent government grants received from certain municipal government of the PRC as an encouragement for the Group's construction of investment properties.

19 LONG-TERM PAYABLES

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Rental deposit	4,200	6,836	19,794

20 TRADE AND OTHER PAYABLES

(a) Trade and other payables – Group

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Payables for construction costs	73,005	89,597	424,631
Notes payable	–	50,000	–
Payable for land use rights	–	78,900	–
Payable for pre-IPO private placement commission fee	–	11,014	–
Payables for listing expenses	–	525	17,458
Employee benefit payables	872	743	1,800
Other taxes payable	2,651	5,602	9,769
Deposits	1,524	869	7,034
Accrued operating expenses	488	1,230	1,975
Advances from customers	1,075	6,322	12,268
Interest payable	927	1,544	2,467
Consideration payable for business combination	–	–	373
Amounts due to related parties (Note 32)	528,168	903,391	12,300
Others	11,305	7,221	2,566
	620,015	1,156,958	492,641

At December 31, 2013, 2014 and 2015, the ageing analysis of payables for constructions is as follows:

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Up to 1 year	59,906	89,181	422,098
1 year to 2 years	13,099	125	2,221
Over 2 years	–	291	312
	73,005	89,597	424,631

(b) Trade and other payables – Company

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Amounts due to fellow subsidiaries	–	–	281,760
Payables for listing expenses	–	–	8,679
Payables for professional fees	–	11,014	5,923
Others	–	4	–
	–	11,018	296,362

21 REVENUE

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Rental income and revenue from providing management services	49,016	67,555	163,238

22 EXPENSES BY NATURE

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Employee benefit expenses – including directors' emoluments (Note 28)	9,750	12,930	24,925
Depreciation of property, plant and equipment (Note 6)	364	509	997
Travelling expenses	1,320	2,421	3,881
Leasing commission	476	2,230	6,004
Tax charges	11,184	16,452	39,472
Utilities and office expenses	2,733	2,490	2,140
Leasing fees	1,345	2,333	3,045
Bank charges	59	477	284
Entertainment expenses	1,269	1,335	1,076
Maintenance and repairing costs	2,394	3,288	9,106
Auditors' remuneration			
– Audit services	564	1,105	880
Listing expenses	–	760	17,554
Pre-IPO private placement commission fee	–	11,014	7,440
Professional fees	1,610	1,707	10,694
Other expenses	1,715	2,826	3,562
Total cost of sales, selling and marketing expenses and administrative expenses	34,783	61,877	131,060

23 OTHER INCOME

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Compensation income	108	7,001	–
Income related government grants	1,830	413	4,808
Asset related government grants (Note 18)	3,423	18,700	121,035
	5,361	26,114	125,843

24 OTHER GAINS/(LOSSES) – NET

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Net gains from disposal of associates (Note 8)	4,468	–	–
Net gains from disposal of subsidiaries	–	–	590
Negative goodwill (Note 33)	–	–	171,642
Others	(816)	(603)	(391)
	3,652	(603)	171,841

25 FINANCE (EXPENSES)/INCOME – NET

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Finance expenses			
Interest on bank borrowings	(21,287)	(32,132)	(65,366)
Interest on advances from related parties (Note 32(g))	(3,466)	(4,439)	(15,395)
Less: Capitalization of interest	15,598	19,294	53,848
Net interest expense on borrowings	(9,155)	(17,277)	(26,913)
Net exchange losses	(3,231)	–	–
	(12,386)	(17,277)	(26,913)
Finance income			
Interest income on bank deposits	3,050	16,467	11,518
Net exchange gains	–	12,108	36,016
	3,050	28,575	47,534
Net finance (expenses)/income	(9,336)	11,298	20,621

26 INCOME TAX EXPENSE

PRC profits tax has been provided at the rate of 25% on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Current income tax	9,320	1,871	17,070
Deferred income tax (Note 9)	88,505	103,712	658,689
Income tax expense	97,825	105,583	675,759

(i) Cayman Islands profits tax

The Company has not been subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% for the Relevant Periods.

(iii) PRC corporate income tax ("CIT")

CIT is provided on the assessable income of entities within the Group incorporated in the PRC.

(iv) PRC withholding income tax

According to the new CIT Law, a 10% withholding income tax will be levied on the immediate holding companies established outside the PRC. A lower withholding income tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Profit before tax	331,596	253,426	1,881,124
Tax calculated at domestic tax rates applicable to profits in the respective countries	99,788	105,742	700,461
Tax effects of:			
– Associates' result reported net of tax	(2,143)	–	–
– Expenses not deductible for tax purpose	771	447	316
– Income not subject to tax	(862)	(844)	(1,130)
– Tax losses for which the deferred income tax asset was not recognized	358	238	19,496
– Utilization of previously unrecognized tax losses	(87)	–	(474)
– Negative goodwill arising from business combination not subject to tax	–	–	(42,910)
Tax charge	97,825	105,583	675,759

During the year ended December 31, 2013, 2014 and 2015, the weighted average applicable tax rates are 25.0%, 25.0% and 25.0%.

27 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the years. In determining the weighted average number of ordinary shares in issue during the Relevant Periods, the 50,000 shares issued and allotted in connection with the reorganization on April 15, 2014 has been treated as if the 50,000 shares were issued since January 1, 2013.

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Profit attributable to owners of the Company	233,771	147,843	1,205,365
Weighted average number of ordinary shares in issue	50,000	50,000	50,000
Basic earnings per share	4.68	2.96	24.11

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year ended December 31, 2015
	RMB'000
Profit attributable to equity owners of the Company	1,205,365
Add: fair value changes of the convertible note (Note 17.1)	442,722
	1,648,087
Weighted average number of ordinary shares in issue	50,000
Adjustment for shares granted under the convertible note	36,957
Weighted average number of ordinary shares for diluted earnings per share	86,957
Diluted earnings per share	18.95

During the year ended December 31, 2013, there were no instruments outstanding that could have a dilutive effect on the Company's ordinary shares. During the year ended December 31, 2014, the Group's convertible notes were anti-dilutive and, accordingly, were excluded from the computation of diluted earnings per share.

28 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Salaries, wages and bonuses	7,850	10,736	21,271
Pension, housing fund, medical insurance and other social insurance	1,900	2,194	3,654
Total employee benefit expense	9,750	12,930	24,925

(a) Five highest paid individuals

During the years ended December 31, 2013, 2014 and 2015, the five highest paid individuals include four directors of the Company, whose emoluments are reflected in the analysis presented in Note 36. The emoluments payable to the remaining one individual during the year ended December 31, 2013, 2014 and 2015 are as follows:

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Salaries	360	390	830
Pension, housing fund, medical insurance and other social insurance	73	75	55
Total employee benefit expense	433	465	885

For the years ended December 31, 2013, 2014 and 2015, no emoluments were paid by the Group to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office.

The emoluments fell within the following bands:

	Number of individuals		
	2013	2014	2015
Emolument bands (in RMB)			
RMB400,001 – RMB500,000	1	1	–
RMB500,001 – RMB900,000	–	–	1

29 CASH GENERATED FROM OPERATIONS

	Year ended December 31,		
	2013	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
Profit before income tax	331,596	253,426	1,881,124
Adjustments for:			
– Depreciation of property, plant and equipment (Note 6)	364	509	997
– Fair value gains on investment properties – net	(321,022)	(421,162)	(2,669,987)
– Fair value losses on hybrid instruments – net	11,906	210,223	1,155,561
– Amortization of intangible asset	33	15	5
– Amortization of land use rights	122	122	26
– Gains on disposal of associates (Note 24)	(4,468)	–	–
– Gains on disposal of subsidiaries (Note 24)	–	–	(590)
– (Gains)/losses on disposal of property, plant and equipment	–	(18)	10
– Finance expenses/(income) – net (Note 25)	6,105	995	22,420
– Share of results of associated companies (Note 8)	(8,570)	–	(16,215)
– Negative goodwill (Note 24)	–	–	(171,642)
– Government grant (Note 23)	(3,423)	(18,700)	(121,035)
Changes in working capital			
– Trade and other receivables	(1,788)	(507)	(25,367)
– Trade and other payables	10,097	18,061	(26,621)
– Increase/(decrease) in amounts due to related parties	1,168	(1,168)	–
Cash generated from operations	22,120	41,796	28,686

30 INVESTMENTS IN AND LOANS TO SUBSIDIARIES – COMPANY

(a) Investments in subsidiaries

	As at December 31,		
	2013	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
Unlisted shares investments, at cost	–	310	620
Due from subsidiaries	–	334,612	2,657,150
	–	334,922	2,657,770

The amounts due from subsidiaries represent equity funding provided by the Company to the subsidiaries and are measured in accordance with the Company's accounting policy for investments in subsidiaries. They are unsecured, non-interest bearing and have no specific repayment terms. The Company's intention is that the amounts due from subsidiaries will only be recalled when the subsidiaries have surplus cash.

Particulars of the major subsidiaries of the Group as at December 31, 2013, 2014 and 2015 are as follows:

(i) Subsidiaries – established in the PRC

Company name	Date of incorporation	Legal status	Registered capital	Issued and fully paid share capital	Effective interest held as at December 31, 2013	2014	2015	Principal activities
			RMB'000	RMB'000				
Shanghai Yupei	June 12, 2000	Private enterprise	336,275	336,275	100%	100%	100%	Construction of storage facilities related to warehousing service
Shanghai Yupei Investment Management Co., Ltd.	November 19, 2003	Private enterprise	10,000	10,000	100%	100%	100%	Investment management (except for equity investment and investment management)
Hefei Yupei Warehousing Co., Ltd.	October 17, 2013	Private enterprise	10,000	10,000	100%	100%	–**	Warehouse leasing, warehousing services
Binzhou Yupei Warehousing Co., Ltd.	May 23, 2011	Private enterprise	10,000	10,000	100%	100%	–**	Warehousing services (except hazardous chemicals and precursor chemicals, MCC) (Without examination and approval and shall not operate without approval)
Tianjin Yupei Warehousing Co., Ltd.	March 27, 2014	Private enterprise	110,000	110,000	N/A	100%	51%*	Warehousing services, warehouse leasing, logistics, development and construction of warehousing facilities
Hefei Yuhang Warehousing Co., Ltd.	May 13, 2014	Private enterprise	50,000	50,000	N/A	100%	51%*	Warehousing services, warehouse leasing
Shanghai Yuxin Property Management Co., Ltd.	December 6, 2013	Private enterprise	1,000	1,000	100%	100%	–**	Property management
Wuhu Yupei Investment	November 13, 2013	Private enterprise	100,000	100,000	100%	100%	100%	Investment management, project investment, enterprise management consulting
Chuzhou Yuhang Logistics Co., Ltd.	August 27, 2007	Private enterprise	50,000	50,000	51%	51%	51%*	Cargo warehousing, cargo agents, stowage loading and unloading and related business advisory service
Shenyang Yupei Warehousing Co., Ltd.	February 28, 2012	Private enterprise	50,000	50,000	51%	51%	51%*	Self-owned buildings leasing, warehousing services (excluding hazardous chemicals)
Shenyang Yuhang Logistics Co., Ltd.	March 25, 2011	Private enterprise	90,000	90,000	51%	51%	51%*	Self-owned buildings leasing, warehousing services (Excluding inflammable and explosive hazardous chemicals)
Wuhan Yupei Warehousing Co., Ltd.	August 2, 2011	Private enterprise	66,000	66,000	51%	51%	51%*	Warehousing services, cargo transportation consulting services
Beijing Linhaitan Trading Co., Ltd.	July 31, 2006	Private enterprise	140,000	140,000	51%	51%	51%*	Warehousing, Sales of building materials
Wuhu Yupei Warehousing Co., Ltd.	March 7, 2013	Private enterprise	80,000	80,000	N/A	51%	51%*	General cargo warehousing facilities rental, general cargo warehousing (except hazardous chemicals)
Changchun Yupei Warehousing Co., Ltd.	December 24, 2013	Private enterprise	70,450	70,450	100%	51%	51%*	Warehousing, house lease, property development and management

Company name	Date of incorporation	Legal status	Registered capital	Issued and fully paid share capital	Effective interest held as at December 31, 2013	2014	2015	Principal activities
			RMB'000	RMB'000				
Suzhou Yupei Warehousing Co., Ltd.	October 30, 2012	Private enterprise	179,000	179,000	100%	51%	51% *	Construction and management of storage facilities, property management
Zhengzhou Yupei Warehousing Co., Ltd.	February 28, 2014	Private enterprise	130,000	130,000	100%	100%	51%*	Warehousing services
Anhui Yupei Business Management	April 3, 2014	Private enterprise	10,000	1,583	N/A	100%	100%	Logistics management and enterprise management service and related technical advisory
Jiangmen Yupei Logistics Assets Co., Ltd.	July 31, 2014	Private enterprise	92,000	–	N/A	N/A	100%	Warehousing services, construction and management of storage facilities, logistics information consulting and related supporting services
Jiaxing Yupei Warehousing Co., Ltd.	July 11, 2014	Private enterprise	308,540	193,783	N/A	N/A	51%*	Warehousing services, management of storage facilities, self-owned plants leasing, warehouse leasing, logistic information consulting services
Jinan Yupei Warehousing Service Co., Ltd.	August 6, 2014	Private enterprise	70,000	24,500	N/A	N/A	100%	Warehousing services, self-owned building leasing, logistic information consulting services
Nantong Yupei Warehousing Co., Ltd.	September 19, 2014	Private enterprise	123,850	48,000	N/A	N/A	51%*	Warehousing services, management of storage facilities and other services, logistic information consulting services
Tianjin Yupei Logistics Co., Ltd.	September 16, 2014	Private enterprise	184,000	–	N/A	N/A	100%	Warehousing services, management of storage facilities and other services, logistic information consulting services
Suzhou Yuqing Warehousing Co., Ltd.	October 10, 2014	Private enterprise	200,000	200,000	N/A	N/A	51%*	Construction and management of storage facilities (excluding transportation), and providing property management services and consulting services
Changzhou Yupei Warehousing Co., Ltd.	October 8, 2014	Private enterprise	245,000	90,000	N/A	N/A	100%	Warehousing management and related consulting and services
Huai'an Yupei Warehousing Co., Ltd.	October 31, 2014	Private enterprise	92,000	49,000	N/A	N/A	100%	Warehousing services, management of storage facilities, logistic information consulting services
Wuhan Yude Warehousing Co., Ltd.	November 13, 2014	Private enterprise	67,000	–	N/A	N/A	100%	Warehousing services, management of storage facilities, logistic information consulting services
Zhaoqing Yupei Warehousing Co., Ltd.	December 3, 2014	Private enterprise	130,000	130,000	N/A	N/A	51%*	Warehousing services, management of storage facilities, self-owned plants leasing, warehouse leasing, logistics information consulting

Company name	Date of incorporation	Legal status	Registered capital	Issued and fully paid share capital	Effective interest held as at December 31, 2013	2014	2015	Principal activities
			RMB'000	RMB'000				
Shanxi Xixian New District Yupei Warehousing Co., Ltd.	December 18, 2014	Private enterprise	184,550	32,000	N/A	N/A	100%	Construction and operation of business distribution and settlement center and related supporting supply chain management system; management of order producing, tracking, settlement; management of warehousing services and warehousing facilities; self-owned building leasing; Warehouse leasing; Logistics information consulting services.
Wuxi Yupei Warehousing Development Co., Ltd.	December 5, 2014	Private enterprise	US$100,000	US$ 45,982	N/A	N/A	100%	Warehousing service (except hazardous chemicals) and consulting services, storage facilities leasing, property management
Suzhou Yuzhen Warehousing Co., Ltd.	November 28, 2014	Private enterprise	500,000	256,800	N/A	N/A	51%*	Construction and management of storage facilities (excluding transportation), and providing property management services and consulting services
Shanghai Yuji Consulting Management Co., Ltd.	February 5, 2015	Private enterprise	620,000	150,000	N/A	N/A	51%*	Investment management consulting; business information consulting; Construction and operation and lease of industrial plants
Shanghai Yuzai Investment Management Co., Ltd.	January 16, 2015	Private enterprise	150,000	150,000	N/A	N/A	100%	Investment management, project investment, enterprise management consulting
Nanning Yupei Warehousing Co., Ltd.	June 18, 2015	Private enterprise	108,500	–	N/A	N/A	100%	Warehousing service and consulting services, storage facilities leasing, property management
Xianyang Yupei Warehousing Co., Ltd.	February 6, 2015	Private enterprise	100,000	–	N/A	N/A	100%	Warehousing service and consulting services, storage facilities leasing, property management, lease of plants
Haerbin Yupei Warehousing Co., Ltd.	February 5, 2015	Private enterprise	171,330	60,000	N/A	N/A	51%*	Warehousing service and consulting services, storage facilities leasing, property management, lease of plants
Dalian Yupei Warehousing Co., Ltd.	May 19, 2015	Private enterprise	500,000	135,000	N/A	N/A	100%	Warehousing service and consulting services, storage facilities leasing, property management, lease of plants
Chongqing Yupei Warehousing Co., Ltd.	January 27, 2015	Private enterprise	200,000	–	N/A	N/A	100%	Warehousing service (except hazardous chemicals) and consulting services, storage facilities leasing, property management, lease of plants
Changsha Yupei Warehousing Co., Ltd.	May 8, 2015	Private enterprise	120,000	15,000	N/A	N/A	100%	Warehousing service and consulting services, storage facilities leasing, property management, lease of plants
Shanghai Qingyang Horticulture Co., Ltd.	July 3, 2001	Private enterprise	5,000	5,000	N/A	N/A	100%	Flowers, seedling, fruit trees planting; landscape engineering; greening projects; Warehousing service (except hazardous chemicals)

Company name	Date of incorporation	Legal status	Registered capital	Issued and fully paid share capital	Effective interest held as at December 31, 2013	2014	2015	Principal activities
			RMB'000	RMB'000				
Huizhou Yuanwang Technology Park Development Co. Ltd.	October 11, 2012	Private enterprise	95,000	95,000	N/A	N/A	100%	Management of storage facilities, warehousing management and related consulting and services
Chengdu Shengbao Iron Structure Co., Ltd. ("Chengdu Shengbao")	April 16, 2010	Private enterprise	130,000	130,000	N/A	N/A	48.7%***	Production and sales of steel structure, painted metal and other metals, logistic services, warehousing service (except hazardous chemicals),lease of plants, goods and technology importation and exportation
Zhengzhou Hozdo	July 29, 2011	Private enterprise	50,000	50,000	N/A	N/A	100%	Warehousing services (excluding inflammable and explosive hazardous chemicals), self-owned buildings leasing, logistic information consulting services and related technical advisory
Shanghai Yuheng Logistics Management Co., Ltd.	October 9, 2015	Private enterprise	1,000	1,000	N/A	N/A	100%	Logistics management; logistic information consulting services; warehousing service (except hazardous chemicals);business consulting; industrial investment; property management; hotel management
Shanghai Shuozheng Investment Management Consulting Co., Ltd.	January 30, 2015	Private enterprise	110,000	110,000	N/A	N/A	100%	Investment management consulting; business information consulting; enterprise management consulting; marketing planning; enterprise image design; warehousing service (except hazardous chemicals);research and sales of storage facilities
Jinan Yuzhen Warehousing Co., Ltd.	August 11, 2015	Private enterprise	155,000	–	N/A	N/A	100%	Warehousing services (excluding hazardous chemicals);self-owned buildings leasing; construction and management of storage facilities

* *As at December 31, 2013, 2014 and 2015, 49% equity shares of certain PRC subsidiaries have been transferred to Carlyle. As Disclosed in Note 17.2, the investments from Carlyle have been regarded as redeemable convertible deemed preferred shares and were treated as financial liabilities at fair value through profit and loss.*

** *Binzhou Yupei Warehousing Co.,Ltd. and Shanghai Yuxin Property Management Co,. Ltd. were disposed on December 2, 2015 and July 17, 2015, respectively. Hefei Yupei Warehousing Co., Ltd. was liquidated on December 24, 2015.*

*** *As at December 31, 2015, the Company indirectly held 48.7% equity shares of Chengdu Shengbao, while the remaining 46.8% and 4.5% equity shares were held by Carlyle and Mr. Zhou Hongjun, a third party personnel respectively. Pursuant to the share transfer agreement between Mr. Zhou Hongjun and Yupei Sichuan Logistics Property Development Co., Ltd., a wholly-owned subsidiary of the Company, dated March 16, 2015, Mr. Zhou Hongjun voluntarily gave up all his equity interests in Chengdu Shengbao thereafter. Therefore Chengdu Shengbao was 100% consolidated into the Group's Financial Information.*

(ii) Subsidiaries – established in the British Virgin Islands ("B.V.I") and Hong Kong ("HK")

The Company has several wholly owned subsidiaries established in B.V.I and HK. These subsidiaries are all investment holding companies.

The companies that have statutory audited financial statements during the Relevant Periods and the name of the auditors are as follows:

	Name of statutory auditors		
Company name	**2013**	**2014**	**2015**
Subsidiaries – established in the PRC:			
Shanghai Yupei	Klynveld Peat Marwick Goerdeler LLP ("KPMG")	PricewaterhouseCoopers Zhong Tian LLP ("PwC Zhong Tian")	N/A *
Hefei Yupei Warehousing Co., Ltd.	N/A	PwC Zhong Tian	N/A *
Chuzhou Yuhang Logistics Co., Ltd.	KPMG	PwC Zhong Tian	N/A *
Shenyang Yupei Warehousing Co., Ltd.	KPMG	PwC Zhong Tian	N/A *
Shenyang Yuhang Logistics Co., Ltd.	KPMG	PwC Zhong Tian	N/A *
Wuhan Yupei Warehousing Co., Ltd.	KPMG	PwC Zhong Tian	N/A *
Beijing Linhaitan Trading Co., Ltd.	KPMG	PwC Zhong Tian	N/A *
Wuhu Yupei Warehousing Co., Ltd.	Shanghai Cong Xin CPAs	PwC Zhong Tian	N/A *
Changchun Yupei Warehousing Co., Ltd.	Shanghai Cong Xin CPAs	PwC Zhong Tian	N/A *
Suzhou Yupei Warehousing Co., Ltd.	Shanghai Cong Xin CPAs	PwC Zhong Tian	N/A *
Zhengzhou Yupei Warehousing Co., Ltd.	N/A	PwC Zhong Tian	N/A *
Tianjin Yupei Logistics Co., Ltd.	N/A	Shanghai Cong Xin CPAs	N/A *
Changzhou Yupei Warehousing Co., Ltd.	N/A	Shanghai Cong Xin CPAs	N/A *
Chengdu Shengbao	N/A	N/A	PwC Zhong Tian
Subsidiaries – established in the HK:			
Hongkong Yupei Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited Certificated Public Accountants (Practising) ("Hanvic CPA Limited")	N/A *
Yupei Zhejiang Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei Logistics Property Development 5 Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei East China Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei Central China Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *

Company name	Name of statutory auditors 2013	2014	2015
Yupei Hefei Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei Anhui Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei Tianjin Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei Southwest China Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei Xianyang Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei Zhujiang Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei North China Logistics Property Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *
Yupei Global Development Co., Ltd.	N/A	Hanvic CPA Limited	N/A *

* *As at the date of this report, the statutory audit of the subsidiaries established in PRC and HK has not been completed.*

(b) Loans to subsidiaries

	As at December 31, 2013	2014	2015
	RMB'000	RMB'000	RMB'000
Loans to subsidiaries	310	593,287	632,536

As at December 31, 2013, 2014 and 2015, loans to subsidiaries bear no interest and are repayable on demand.

31 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at December 31, 2013	2014	2015
	RMB'000	RMB'000	RMB'000
Investment properties	378,604	573,726	1,096,083

(b) Operating lease commitments

The Group leases offices under non-cancellable operating lease agreements. The lease terms are between 2 and 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
No later than 1 year	2,512	2,280	3,570
Later than 1 year and no later than 5 years	4,566	2,304	422
	7,078	4,584	3,992

32 RELATED PARTY TRANSACTIONS

The Group is controlled by Yupei Investment Management (incorporated in B.V.I). The ultimate parent of the Group is Lee International Investment Management Company Limited (incorporated in the B.V.I). The ultimate controlling party of the Group is Mr. Li and Ms. Ma and their associates are regarded as the related parties.

Names and relationships with related parties are as follows:

Company name	Relationships
Shanghai Yupei Industrial	Controlled by same ultimate equity holders of the Company
Shanghai Yupei Construction Engineering Co., Ltd. ("Yupei Construction")	Controlled by same ultimate equity holders of the Company
Shanghai Yupei Specialty Building Materials Co., Ltd. ("Yupei Building Materials")	Controlled by same ultimate equity holders of the Company
Wuhu Yushi Construction Decoration Engineering Co., Ltd. ("Wuhu Yushi")	Controlled by same ultimate equity holders of the Company
Yuhang Commercial Operation Management	Controlled by same ultimate equity holders of the Company
Yushuo Holdings Co., Ltd. ("Yushuo Holdings")	Controlled by same ultimate equity holders of the Company
Shanghai Yupei Express Logistics Co., Ltd. ("Yupei Express Logistics")	Controlled by same ultimate equity holders of the Company
Shanghai Yupei E-commerce Co., Ltd. ("Yupei E-commerce")	Controlled by same ultimate equity holders of the Company
Yuhang Anting	Associate of the Company (March 13, 2012 to June 5, 2013)
Suzhou Yuhang	Associate of the Company (April 24, 2012 to June 13, 2013)
Shanghai Hongyu	Associate of the Company

The significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended December 31, 2013, 2014 and 2015, and balances arising from related party transactions as at December 31, 2013, 2014 and 2015 are summarized below.

(a) Advances from related parties

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Advances from			
– Shanghai Yupei Industrial	122,018	146,161	430,850
– Yupei Construction	–	200,000	450,000
– Yupei Building Materials	–	300,000	70,000
– Shanghai Hongyu	–	–	12,300
	122,018	646,161	963,150

(b) Repayment of advances from related parties

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Repayment of advances			
– Yupei Construction	–	–	650,000
– Shanghai Yupei Industrial	122,018	69,780	507,231
– Yupei Building Materials	–	200,000	170,000
	122,018	269,780	1,327,231

(c) Advances to related parties

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Advances to			
– Shanghai Yupei Industrial	382,168	205,229	115,850
– Wuhu Yushi	–	1,289	–
– Others	190	139	90
	382,358	206,657	115,940

(d) Receipt of advances to related parties

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Receipt of advances			
– Shanghai Yupei Industrial	374,861	235,810	125,673
– Wuhu Yushi	–	–	1,289
	374,861	235,810	126,962

(e) Services provided by related parties

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Rental fee			
– Shanghai Yupei Industrial	1,168	2,190	2,190
Construction and decoration			
– Yupei Building Materials	–	–	2,775
– Wuhu Yushi	–	146,043	474
	–	146,043	3,249

(f) Services provided to related parties

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Rental income and revenue from providing property management services to			
– Yupei Express Logistics	–	1,706	6,352
– Yupei Building Materials	1,289	3,715	5,632
– Yupei E-commerce	–	633	1,086
– Yupei Construction	–	452	776
– Yuhang Anting	703	–	–
– Suzhou Yuhang	604	–	–
	2,596	6,506	13,846

(g) Interest expense

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Interest expense paid/payable to			
– Yupei Construction	–	1,183	8,372
– Shanghai Yupei Industrial	53	731	4,992
– Yupei Building Materials	–	2,525	2,031
– Yuhang Anting	2,208	–	–
– Suzhou Yuhang	1,205	–	–
	3,466	4,439	15,395

(h) Disposal of a subsidiary

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Disposal of a subsidiary to			
– Yushuo Holdings	–	–	1,000

(i) Key management personnel compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is summarized below:

	Year ended December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Salaries and allowance	2,826	3,457	5,223
Other social security cost, housing benefits and other employee benefits	413	510	447
	3,239	3,967	5,670

(j) Period-end balances arising from advances to or from related parties and receiving/provision of services from or to related parties

	As at December 31,		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Other receivable from related parties (Note 11)			
– Shanghai Yupei Industrial	40,404	9,823	–
– Wuhu Yushi	–	1,289	–
– Others	190	329	419
	40,594	11,441	419
Other long-term prepayments to a related party			
– Wuhu Yushi	28,980	–	–
Trade payables to a related party:			
– Yupei Building Materials	–	–	695
– Wuhu Yushi	–	7,245	–
	–	7,245	695
Other payable to related parties (Note 20)			
– Shanghai Hongyu	–	–	12,300
– Shanghai Yupei Industrial	528,168	553,316	–
– Yupei Construction	–	200,075	–
– Yupei Building Materials	–	100,000	–
– Yuhang Commercial Operation Management	–	50,000	–
	528,168	903,391	12,300

Receivables from related parties arise mainly from advances to related parties. These receivables are unsecured and bear no interest. There are no provisions made against receivables from related parties.

Payables to related parties arise mainly from advances to related parties. As at December 31, 2014, advances from Yupei Construction and Yupei Building Materials amounting to RMB200,000,000 and RMB100,000,000 respectively are secured by the bank deposits of RMB490,601,000 (Note 12). The advances bear fixed interest and were repaid on April 1, 2015 and April 6, 2015 respectively.

Other payables bear no interest and are repayable on demand.

(k) Borrowings guaranteed by related parties

As at December 31, 2013, the Group's bank borrowings of RMB20,000,000 is guaranteed by Mr. Li and Shanghai Yupei Industrial jointly (Note 16).

As at December 31, 2014 and 2015, the Group's bank borrowings of RMB185,450,000 and RMB87,625,000 is guaranteed by Mr. Li (Note 16). Pursuant to the bank approval on the release of the guarantee dated January 14, 2016, the guarantee by Mr. Li has been released subsequently.

33 BUSINESS COMBINATION

(a) On July 28, 2015, the Group acquired 100% of the share capital of Zhengzhou Hozdo with a total consideration of RMB50,215,000 and obtained the control of Zhengzhou Hozdo, a logistics facility leasing company located in Zhengzhou, Henan Province.

As a result of the acquisition, the Group is expected to expand its logistic parks in Zhengzhou. A negative goodwill of RMB21,398,000 arising from the acquisition is recognized in the consolidated statements of comprehensive income.

The following table summarizes the consideration paid for Zhengzhou Hozdo, the fair value of assets acquired, and the liabilities assumed at the acquisition date.

Consideration:

At July 28, 2015	**RMB'000**
– Cash	50,215
Total consideration	**50,215**
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	71
Investment properties (Note 7)	135,000
Property, plant and equipment (Note 6)	265
Other long-term prepayments	792
Prepayments	46
Trade and other payables	(54,880)
Deferred tax liabilities (Note 9)	(9,681)
Total identifiable net assets	**71,613**
Other gains/(losses) – net (Note 24)	(21,398)
	50,215

The revenue included in the consolidated statements of comprehensive income since July 28, 2015 contributed by Zhengzhou Hozdo was RMB4,714,000. Zhengzhou Hozdo also contributed profit of RMB6,864,000 over the same period.

Had Zhengzhou Hozdo been consolidated from January 1, 2015, the consolidated statements of comprehensive income would show pro-forma revenue of RMB168,080,000 and profit of RMB1,204,089,000.

(b) On September 3, 2014, Suzhou Yuqing Warehousing Co., Ltd., a subsidiary of the Group signed a logistics facility purchase contract with Suzhou High-tech Bonded Logistics Center Co., Ltd. to acquire the logistics facilities with existing tenants, as well as related land use rights. The acquisition was completed on July 1, 2015 with a total consideration of RMB539,675,000.

As a result of the acquisition, the Group is expected to expand its logistic parks in Suzhou. A negative goodwill of RMB150,244,000 arising from the acquisition is recognized in the consolidated statement of comprehensive income.

The following table summarizes the consideration paid for the acquired business, the fair value of assets acquired, and the liabilities assumed at the acquisition date.

Consideration:

At July 1, 2015	**RMB'000**
– Cash	539,675
Total consideration	539,675
Recognized amounts of identifiable assets acquired and liabilities assumed	
Investment properties (Note 7)	740,000
Deferred tax liabilities (Note 9)	(50,081)
Total identifiable net assets	**689,919**
Other gains/(losses) – net (Note 24)	(150,244)
	539,675

Acquisition-related costs of RMB2,735,000 are charged to administrative expenses in the consolidated statements of comprehensive income for the year ended December 31, 2015.

The revenue included in the consolidated statements of comprehensive income since July 1, 2015 contributed by the acquired business was RMB16,858,000. The acquired business also contributed profit of RMB43,219,000 over the same period.

Had the business been acquired from January 1, 2015, the consolidated statements of comprehensive income would show pro-forma revenue of RMB180,096,000 and profit of RMB1,257,812,000.

34 FINANCIAL GUARANTEE CONTRACTS

(a) In 2015, the Group's wholly-owned subsidiary, Shanghai Yupei signed a financial guarantee contract to provide guarantee on bank borrowing of RMB260,000,000 of Shanghai Tianke Enterprise Co., Ltd. ("Shanghai Tianke", the parent company of the other two investors of Shanghai Hongyu, the associate of the Group), covering the period from June 17, 2015 to December 16, 2016. Under the terms of the financial guarantee contract, Shanghai Yupei will guarantee the payment to the lender if Shanghai Tianke fails to repay when due.

The fair value of the financial guarantee at the time of signature is zero because the guarantee is agreed on arm's length terms. No receivable for the future premiums is recognized.

The management considers there is a remote possibility to settle the guarantee. Thus no financial guarantee is recognized on the consolidated balance sheets as at December 31, 2015. The guarantee was subsequently released on June 12, 2016.

(b) In 2015, the Group's wholly-owned subsidiary, Chendu Shengbao signed a financial guarantee contract to provide guarantee on bank borrowing of RMB10,000,000 of Chendu Daxinan Prefab Houses Co., Ltd. ("Chengdu Daxinan", whose shareholder is a relative of the original shareholder of Chengdu Shengbao before Chengdu Shengbao was acquired by Shanghai Yupei in 2015), covering the period from January 5, 2015 to January 4, 2016. Under the terms of the financial guarantee contracts, Chengdu Shengbao will guarantee the payment to the lender if Chengdu Daxinan fails to repay when due.

The fair value of the financial guarantee at the time of signature is zero because the guarantee is agreed on arm's length terms. No receivable for the future premiums is recognized.

The management considers there is a remote possibility to settle the guarantee. Thus no financial guarantee is recognized on the consolidated balance sheets as at December 31, 2015. The guarantee was subsequently released with the repayment of the bank borrowing on January 4, 2016.

35 EVENTS AFTER THE BALANCE SHEET DATE

A. Subdivision of shares

Pursuant to a shareholder's resolution dated June 14, 2016, the par value of each share of the Company will be changed from US$1 to US$0.0000625 by way of a 16,000-for-1 share division immediately before Listing.

B. Share-based payments

On February 14, 2016, the Company adopted a share option scheme whereby the Board can grant options for the subscription of the Company's shares to the directors, employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group.

Pursuant to the share option scheme, the Company granted options to subscribe for an aggregate of 989 shares during the period from 21 March 2016 to 28 March 2016 to certain directors and employees. The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. These options vest in tranches over a period of up to 3 years.

The options are exercisable during the following periods, during which the employees should remain in the Group's employment.

(i) 30% on the first anniversary of Listing;

(ii) 30% on the second anniversary of Listing;

(iii) 40% on the third anniversary of Listing.

The total fair value, which was determined by using Binomial model, of the options granted under the share option scheme as at the grant date is approximately HKD33,708,000 (equivalent to RMB28,087,000).

C. Credit facility with Credit Suisse AG, Singapore Branch ("Credit Suisse Singapore")

On June 27, 2016, the Company entered into a legally binding facility agreement with Credit Suisse Singapore for a credit facility of up to US $300 million for the purpose of repaying the 2015 Loan prior year to the Listing. The banking facility bears an interest rate of Libor+4.5% per annum and will be available for utilization before the Listing.

D. Debt facilities with two financial institutions

On June 27, 2016, the Company entered into two legally binding commitment letters with two financial institutions, each an independent third party, for debt facilities of up to US$100 million in aggregate for the purposes of repaying the credit facility to Credit Suisse Singapore, the development of additional logistics facilities in the future and other general corporate purposes. The debt facilities bear coupon rate of 8% per annum, payable semiannually, and will be available, subject to the execution of satisfactory definitive documentation, for utilization upon Listing. The debt facilities will be due on the third anniversary of the day the Company draws down the facilities at 106.8% of the outstanding principal amount and we have an early repayment option, exercisable up to 18 months after we draw down the facilities, subject to a premium. The debt facilities will be subject to a number of customary covenants and will be guaranteed by the Group's offshore subsidiaries and secured by pledge over their shares.

Save as disclosed in Note 2.1, Note 17, Note 32(k) and Note 34 of this report, there are no other material subsequent events undertaken by the Company or by the Group after December 31, 2015.

36 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive of the Company for the years ended December 31, 2013, 2014 and 2015 are set out as follows:

	Year ended December 31,		
Name of Director	**2013**	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**
Mr. Li (i)			
– Salary	865	1,002	1,002
– Other benefits	78	75	80
Ms. Li Qing			
– Salary	–	302	395
– Other benefits	–	62	73
Mr. Zhang Long			
– Salary	361	392	671
– Other benefits	66	75	80
Mr. Pan Naiyue			
– Salary	362	392	674
– Other benefits	66	75	80
Mr. Sun Limin			
– Salary	293	327	589
– Other benefits	66	75	46
Mr. Liu Xiangge			
– Salary	–	–	–
– Other benefits	–	–	–
Mr. Ong Tiong Sin			
– Salary	–	–	–
– Other benefits	–	–	–
	2,157	2,777	3,690

(i) The chief executive of the Company is Mr. Li, who is also one of the directors of the Company.

For the years ended December 31, 2013, 2014 and 2015 no directors received emoluments from the Group as inducement to join or upon joining the Group or as compensation for loss of office. No directors waived or had agreed to waive any emoluments.

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

Except as described in Note 32, 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 year ended December 31, 2013, 2014 and 2015 or at any time during the years.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to December 31, 2015 and save as disclosed in this report, no dividend or distribution has been declared, made or paid by the Company or any companies comprising the Group in respect of any period subsequent to December 31, 2015.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong