瑞安房地產
SHUI ON LAND

SHUI ON LAND LIMITED
ANNUAL REPORT 2015

STOCK CODE 272

MAKING CHANGE • MAKING PROGRESS

Unlock Asset Value

Responsive Decision at Frontline

Young and Solid Management Team

Resources Consolidation

INNOVATIVE PROPERTY
DEVELOPER IN CHINA

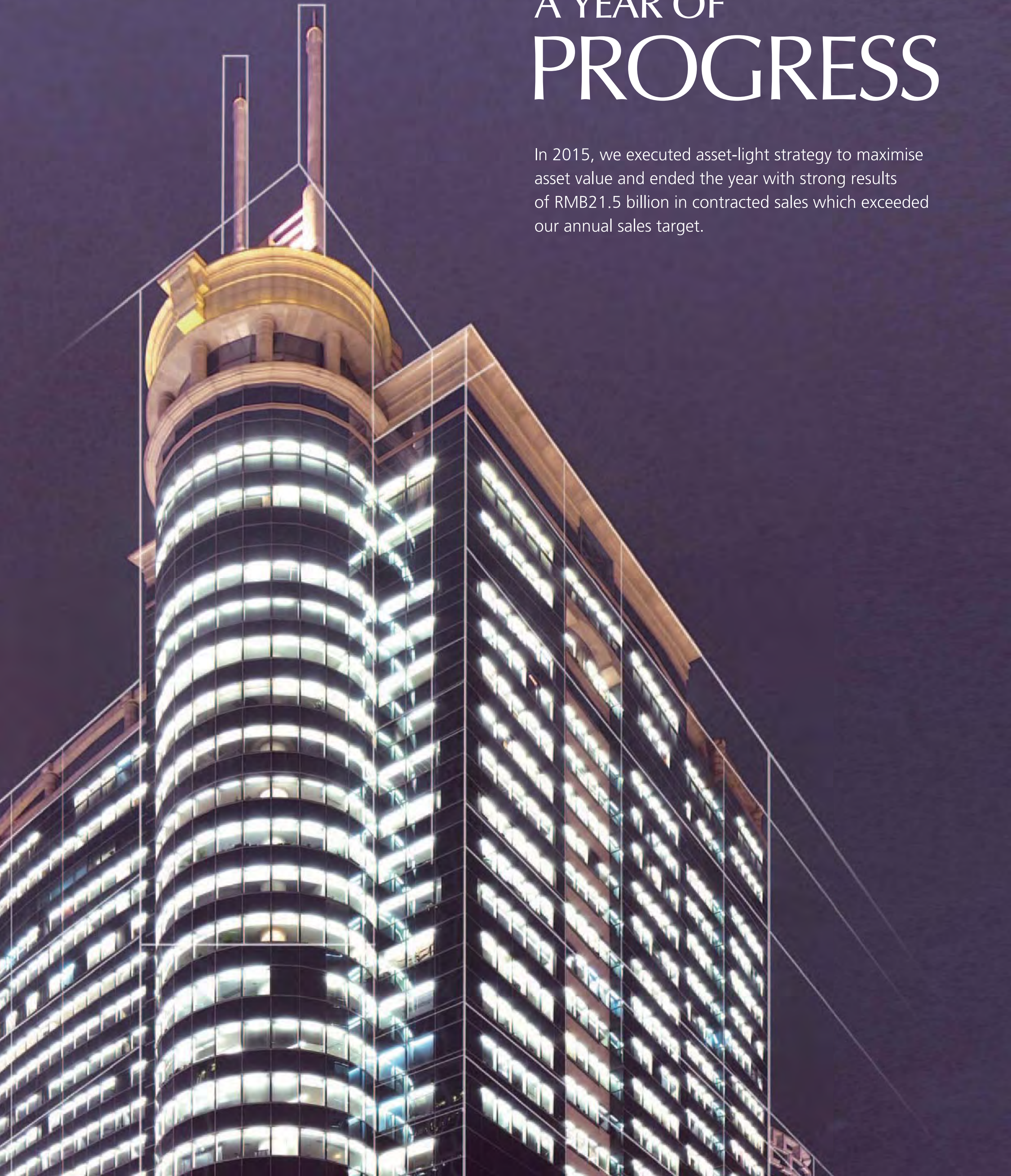
Established in 2004 and listed on The Stock Exchange of Hong Kong (Stock Code: 272) in October 2006, Shui On Land Limited is the Shui On Group's flagship property development company in the Chinese Mainland. Headquartered in Shanghai, Shui On Land has established a solid foundation in the Chinese Mainland and has a proven track record in developing mixed-use, sustainable communities.

Shui On Land develops and operates high-quality residential, office, retail, entertainment and cultural properties in the Chinese Mainland.
Shui On Land applies its hallmark approach of master-planning to all projects to ensure that developments are fully consistent with government objectives in economic development and urban planning while simultaneously incorporating local historical and cultural characteristics into our designs and planning. Manifesting the "Total Community" concept, our projects provide a unique environment enabling life enrichment of "Live-Work-Play".

Shui On Land's landbank stood at 11.8 million sq.m. (9.4 million sq.m. of leasable and saleable GFA, and 2.4 million sq.m. of clubhouses, car parking spaces and other facilities). Its eight projects, in various stages of development, are all situated in prime locations within the key cities of Shanghai, Chongqing, Wuhan, Dalian and Foshan.

A YEAR OF PROGRESS

In 2015, we executed asset-light strategy to maximise asset value and ended the year with strong results of RMB21.5 billion in contracted sales which exceeded our annual sales target.



CONTENTS

VISION
TO BE THE PREMIER AND MOST INNOVATIVE PROPERTY DEVELOPER IN CHINA

BRAND PROMISE
INNOVATION • QUALITY • EXCELLENCE

SHUI ON SPIRIT
INTEGRITY • DEDICATION • INNOVATION • EXCELLENCE

WE SUSTAIN OUR VISION BY INTEGRATING QUALITY INTO ALL OF OUR OPERATIONS AND ASPIRING TO WORLD-CLASS STANDARDS OF EXCELLENCE IN MANAGEMENT, PLANNING, EXECUTION AND CORPORATE GOVERNANCE.

OUR COMMITMENT TO

INVESTORS
We are committed to providing attractive and sustainable returns for our investors based on a well-planned, long-term growth trajectory and strategic direction.

CUSTOMERS
The expectations of our customers are always at the forefront of our thinking and planning, enabling us to provide high quality and add value to all our projects.

COMMUNITY
We continually look for innovative ways to build and contribute to the community.

ENVIRONMENT
As an experienced and socially responsible property developer, Shui On Land considers respect for the environment to be a key ingredient for the long-term development of the communities in which we are involved.

EMPLOYEES
Shui On Land believes that care for our employees and for the development of their talents is crucial to the long-term success of the Group.

FINANCIAL HIGHTLIGHTS

OPERATING RESULTS for the Year Ended 31 December

	2015 HKD'million	2014 HKD'million	2015 RMB'million	2014 RMB'million
Turnover	8,038	12,934	6,472	10,249
Represented by:				
Property development	5,440	10,781	4,380	8,543
Property investment	2,002	1,991	1,612	1,578
Construction	527	106	424	84
Others	69	56	56	44
Gross profit	2,098	4,349	1,689	3,446
Increase in fair value of the remaining investment properties	3,689	3,758	2,970	2,978
Share of losses of associates and joint ventures	(390)	(218)	(314)	(173)
Profit attributable to shareholders	979	2,244	788	1,778
Core earnings of the Group	3,009	568	2,423	450
Basic earnings per share	HKD0.12	HKD0.28	RMB0.10	RMB0.22
Dividend per share				
Interim paid	HKD0.022	HKD0.022	HKD0.022	HKD0.022
Proposed final	HKD0.028	HKD0.04	HKD0.028	HKD0.04
Full year	HKD0.05	HKD0.062	HKD0.05	HKD0.062

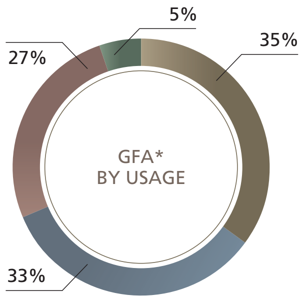
Note:
Except for dividend per share that is originally denominated in HK dollar, all of the HK dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HK$1.242 for 2015 and RMB1.000 to HK$1.262 for 2014 being the average exchange rates that prevailed during the respective years.

FINANCIAL POSITION as of 31 December

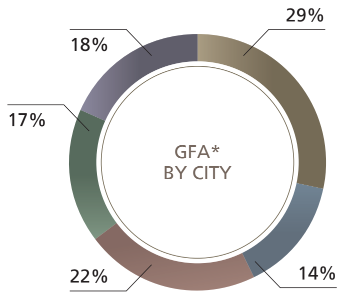
	2015 RMB'million	2014 RMB'million
Total bank balances and cash	10,614	12,430
Total assets	117,170	108,323
Total equity	46,118	44,922
Total debt	47,992	47,965
Bank and other borrowings	33,337	28,409
Convertible bonds	–	419
Notes	14,655	19,137
Net gearing ratio*	81%	79%

* Calculated on the basis of the excess of the sum of bank and other borrowings, convertible bonds and notes over the sum of bank balances and cash by total equity.

LANDBANK as of 31 December 2015



	million sq.m.
Residential	3.2
Office	3.3
Retail	2.4
Hotel/ Serviced Apartment	0.5
Total leasable and saleable GFA	9.4
Attributable GFA	7.7

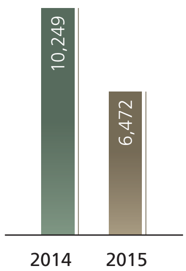


	million sq.m.
Shanghai	2.4
Wuhan	1.1
Chongqing	1.7
Foshan	1.3
Dalian	2.9
Total leasable and saleable GFA	9.4
Attributable GFA	7.7

* Percentages are calculated based on attributable GFA

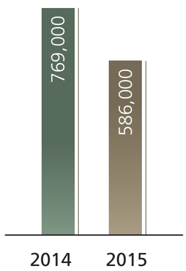
TURNOVER

(RMB'million)



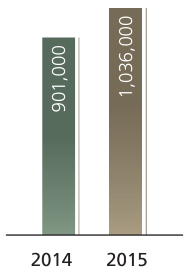
TOTAL GFA COMPLETED

(sq.m.)



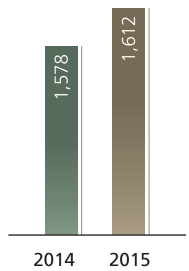
INVESTMENT PROPERTY PORTFOLIO – LEASABLE GFA

(sq.m.)



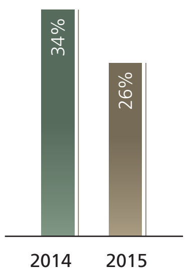
RENTAL AND RELATED INCOME

(RMB'million)



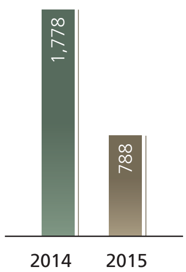
GROSS PROFIT MARGIN

(%)



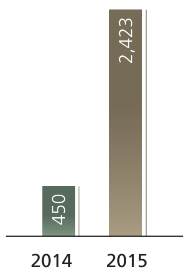
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

(RMB'million)



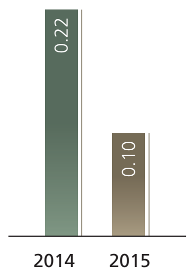
CORE EARNINGS OF THE GROUP

(RMB'million)



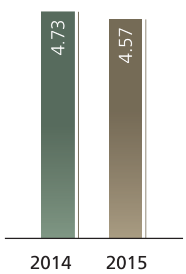
BASIC EARNINGS PER SHARE

(RMB/share)



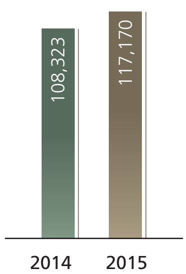
SHAREHOLDERS' EQUITY PER SHARE

(RMB/share)



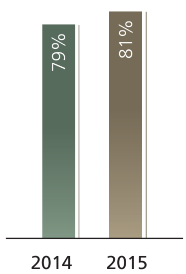
TOTAL ASSETS

(RMB'million)



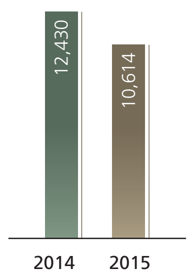
NET GEARING RATIO

(%)



TOTAL BANK BALANCES AND CASH

(RMB'million)



ACHIEVEMENT HIGHLIGHTS

A NUMBER OF THE GROUP'S PROJECTS WERE CONFERRED PROFESSIONAL CERTIFICATIONS BY THE U.S. GREEN BUILDING COUNCIL (USGBC) AND THE MINISTRY OF HOUSING AND URBAN-RURAL DEVELOPMENT OF THE PEOPLE'S REPUBLIC OF CHINA:

LEED

- In March, Lot B11 Phase 1 of Chongqing Tiandi received the LEED-Core & Shell (CS) Certification Gold level.

- In June, Lot A1 (Office Building) of Wuhan Tiandi received the LEED-Core & Shell (CS) Pre-certification Gold level.
- In August, Knowledge & Innovation Community received the LEED-Neighborhood Development (ND) 2009 Version Stage 2 Gold level (Pre-certification).

THE GROUP'S 2014 ANNUAL REPORT WAS CONFERRED SEVERAL AWARDS BY PROFESSIONAL BODIES:

- In September, it received Honors for Photography and was the Gold Winner for Chairman's/President's Letter in the Real Estate Development/SVC Various & Multi-Use Category by the 2015 International ARC Awards.

- In November, it received the 2015 HKMA Best Annual Reports Awards – Citation for Design by Hong Kong Management Association.
- In December, it received the ARC 100 Top Annual Reports 2015 by International ARC Awards.

GROUP HIGHLIGHTS

JULY

The Group entered into an agreement to divest of 1 and 2 Corporate Avenue in Shanghai at a property value of RMB6.6 billion.

AUGUST

The Group received 2015 Top 10 China Green Property Developers – Operation Category, 2015 Top 20 China Green Property Developers – Commercial Category and Top 25 China Green Property Developers – Residential Category by China Investment Network.

DECEMBER

The Group entered into an agreement to divest of 3 Corporate Avenue in Shanghai at a property value of RMB5.7 billion.

The Group received The Best of Asia 2006-2015 Asia's Icon on Corporate Governance conferred by the magazine Corporate Governance Asia.

Shui On Land Corporate Social Responsibility Report (2014) was conferred the GoldenBee 2015 Excellent CSR Report – Special Award for Foreign Invested and HK, Macao and Taiwan Invested Enterprises.

The Group was conferred 2015 Best CSR Practices of Foreign Invested Enterprises in China – Contribution to National Strategy by the China Association of Enterprises with Foreign Investment.

The Group was named Top 10 of Hong Kong-Invested Enterprises for Real Estate Value Ranking in China by China Business News.

The Group's Shui On Plaza received the 2015 Outstanding Contribution to the Development of Middle Huaihai Road's Commercial Building Community.

- In September, Lot B1-5 of Wuhan Tiandi received the LEED-Core & Shell (CS) Pre-certification Gold level.

CHINESE GREEN BUILDING RATINGS

- In January, Lot 18 of Foshan Lingnan Tiandi received the Chinese Green Building Design Label 2 Star rating.
- In July, Lot 19 of THE HUB (Exhibition and Performing Centre) received the Chinese Green Building Design Label 3 Star rating.
- In October, Lot 2 and Lot 9 of Rui Hong Xin Cheng received the Chinese Green Building Design Label 2 Star rating.
- In November, Lot 3 of Rui Hong Xin Cheng received the Chinese Green Building Design Label 2 Star rating. In the same month, Lot 116 of Taipingqiao received the Chinese Green Building Design Label 2 Star rating.

AWARDS WON BY SUBSUDIARIES AND PROJECTS

China Xintiandi received Best Practice Awards 2015 – Best Practice in Social Media Marketing conferred by Best Practice Management.

Shanghai Feng Cheng Property Management Co., Ltd. received the Class-C Corporate Qualification for Word Safety Standardisation, ISO9001 Quality Management System certification, OHSAS 18001 Occupational Health and Safety Management System certification and ISO14001 Environmental Management System certification.

All 325 residential units were sold for a total of RMB2.7 billion on the first day pre-sale launch of the first batch of "The Upper" Phase 6 development of Rui Hong Xin Cheng, topping the local market for highest total transaction value and floor area in October. The development also received a number of prizes, including Soufun Holdings Limited's China Quality Property Gold Award and 2015 China Business News China Real Estate Honour Roll: Most Popular Quality Residential Development.

THE HUB was officially opened during the year, becoming the first commercial mixed-used development in Shanghai Hongqiao Commercial District. The year also saw THE HUB winning the MIPIM Best Mixed-Use Development Project Gold Awards at the 9th MIPIM Asia Awards, and the Shanghai Green Building Contribution Award conferred by Shanghai Green Building Council.

Knowledge & Innovation Community (KIC) received TopDigital 2015 Gold Group Brand Building Award for the Branding and Marketing Category.

Wuhan Tiandi won a number of awards: The 2014 Top 10 Leisure and Tourism Units conferred by the Wuhan Tourism Association, the 2014 Top 10 Most Powerful Wuhan Real Estate Developers conferred by the Wuhan Real Estate Development Business Association, and the Nomination Prize for the 2nd District Head Quality conferred by the People's Government of Jiang'an District, Wuhan City.

Chongqing Tiandi was conferred AAAA-Level National Tourist Attraction by China National Tourism Association. In the same year, Chongqing Tiandi was named one of the 12 New Scenic Spots in Chongqing.

Dalian Tiandi's Greenville Heights was named Classic Livable Property and its Splendid Bay was named Best Investment Value Property by Sohu Focus.

Foshan Lingnan Tiandi was named Guangdong Outstanding Enterprise and Guangdong Trustworthy Enterprise by the Guangdong Provincial Association of Economists and Entrepreneurs/Guangdong Business Council.

MAXIMISING VALUE AND RETURN

NEW ASSET-LIGHT MODEL

Based on the quality, location and innovative features of our properties, investors see great value in the assets we hold. To make the most of these properties, we have decided to unlock their value by releasing them to the market. This asset-light strategy has enabled us to realise the full potential of our properties and provides us with the flexibility needed for the future growth of the Group.

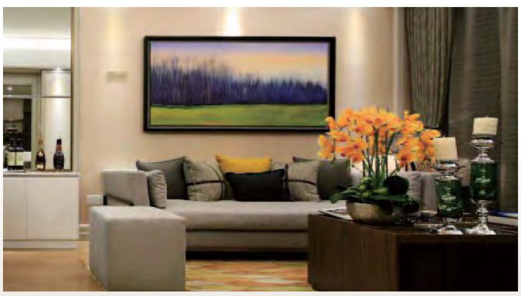
BUILDING LANDMARKS IN
STRATEGIC LOCATIONS

In China's first and second tier cities, we select the most desirable sites close to major transportation hubs and provide all-in-one facilities for the convenience of our tenants and home buyers. That's what makes our commercial and residential properties so attractive, and why so many of our projects help to shape the character of the cities in which we operate.



FOCUSING ON QUALITY TO
DELIGHT OUR CUSTOMERS

The quality of each of our developments in commercial and residential projects is designed to the highest international standards and constructed with the finest materials and finishings, all of which contribute to the strength and enduring popularity of our brand.



OUTSTANDING SERVICE

TOTAL EXPERIENCE

We are a customer-centric company, ready to satisfy our customers' every desire. Whether it's the innovative features and technology that into our properties, or the unique way we plan an entire community, we ensure they provide an experience that is unexcelled for our buyers and investors. It is this foundation on which our reputation stands and which will drive the continued growth of the Group.

" I'm checking in my flight at THE HUB!"

THE HUB is a one-of-its kind transportation hub project not only in China but the world. It enjoys a unique location where all transport modes – airport, high-speed railway, metro, road and mass transit – converge and connect. It is also the first property in China where passengers can enjoy offsite airport check-ins.

MAKING CHANGE • MAKING PROGRESS

The year 2015 was an exceptional one for Shui On Land. I am delighted to report that as a result of the decisive move of fine-tuning our strategy in early 2015, we ended the year with strong operating results of RMB21.5 billion in contracted sales, which exceeded our annual sales target of RMB18 billion despite the slow start in the Chinese Mainland property market.

Our fine-tuned asset-light strategy is underpinned by Shui On Group's strong foundation of 30 years of investing in Shanghai, together with more efficient capital recycling. With our emphasis on maximising asset value and returns amidst rapidly changing market conditions, your Group is now better positioned to take advantage of investment opportunities and fund further growth.

FINANCIAL OVERVIEW

For the year under review, the Group recorded a turnover of RMB6,472 million, compared to RMB10,249 million in 2014. The decline was primarily due to a lower residential sales contribution from Shanghai. In addition to the property sales recognised as turnover, the Group also completed RMB7,907 million of property sales, recognised from the divestment of 1 & 2 Corporate Avenue in Shanghai, disposal of hotel properties in THE HUB and others.

Rental and related income (excluding the income from hotel operations) increased by 20% to RMB1,539 million for 2015. The increase reflects the growing income contributions from THE HUB as it progressively commenced operations during 2015, and rental growth in the completed investment property portfolio.

Profit attributable to shareholders was RMB788 million in 2015, compared to RMB1,778 million in 2014. The decline was attributable to the depreciation of RMB against the Group's USD and HKD denominated debt during 2015, which resulted in a loss (both realised and unrealised) of RMB1,310 million in 2015.

Nevertheless, core earnings during the year increased significantly by 438% to RMB2,423 million in 2015, from RMB450 million in 2014, due to the substantial contribution from the divestment of 1 & 2 Corporate Avenue in Shanghai.

THE "NEW NORMAL" FOR CHINA'S ECONOMY

As the Mainland transitions from an investment and export-led economy into a consumption-driven economy, moderate growth of 6%-7% is now the "new normal" for China.

This slower rate of growth is nonetheless more than respectable compared with many other parts of the world. In this new climate of moderating growth, we can expect more efficient investment. We are also seeing the effects of a buoyant e-commerce environment and the dramatic changes it is creating in the retail market.

The residential property market, which has been gathering strength from the first half of 2015, is expected to benefit from government stimulus policies. These include cutting home mortgage interest rates and down payment requirements for urban home buyers, without home purchase restrictions.

Rendering of Ruihong Tiandi – Hall of the Moon

We believe that all of these factors will help to elevate depressed property markets in third and fourth tier cities, which alongside the Government's long-term policy to promote urbanisation will contribute to a more positive environment and prices in all of China's major cities.

Shanghai is an especially bright spot in China's property market and has been performing exceptionally well in 2015. This trend looks likely to continue in 2016 and beyond as the Government positions Shanghai as an international financial centre comparable to New York or London. With the Group's unique strengths in Shanghai and our premium portfolio in the centrally-located inner ring road, we are set to benefit from further upside in this key market.

A STRONG AND DIFFERENTIATED BRAND IN RESIDENTIAL PROPERTY

We received an enthusiastic response for various of our residential property projects launched in the past year, which demonstrates the strength of our brand as evidenced by the sales we achieved.

The pre-sale of Rui Hong Xin Cheng, our integrated community project inside the Shanghai inner ring road, is one example. During the pre-sale launch of this latest development, all 352 residential units of Phase 6, The Upper, were sold in just one day and commanded an average price of RMB80,000 per square metre – the highest price yet achieved for this project.

Similarly impressive results were also recorded for Wuhan Tiandi Park View, where both the first and second batches of residential units were sold within one day in December 2015.

Our residential projects are popular in large part because of our master-planned communities concept based on our successful "Live-Work-Play" model. With the growing trend towards living in city centres, home buyers appreciate the high degree of "foot access" offered by our projects, which means less commuting to work as well as fewer traffic jams and lower air pollution.

We are confident about the medium-term prospect of our residential property sales. Powered by the strong Shanghai property market, and smoother relocation in Shanghai projects that provides us with a strong pipeline, the Group targets to achieve a total of RMB24 billion contracted sales in 2016, of which RMB14 billion is expected to be generated from residential property sales and RMB10 billion from commercial properties sales.

COMMERCIAL PROPERTIES WITH A DIFFERENCE

In Shanghai's highly competitive commercial property market, we recorded reasonably good performance in commercial rentals in 2015, while witnessing impressive results in asset value maximisation and returns from divesting of commercial assets.

During the year, we divested 1 & 2 Corporate Avenue and 3 Corporate Avenue in Shanghai at attractive prices. Not only did we achieve a high premium over our book value, we also saw intense bidding for these properties by some of the largest global institutional investors. This demonstrates our ability to unlock and realise the value of our assets in accordance with our asset-light business strategy.

Our other commercial properties continued to attract major retail tenants during the year, thanks to the location, design and quality of our projects.

The new commercial complex at THE HUB, a one-of-its-kind project not only in China but the world, is now 74% leased following its opening in late 2015. It enjoys a unique location directly connected to the Hongqiao Transportation Hub, where all transport modes – airport, high-speed railway, metro, road, and mass transit – converge and connect. It is also the first property in China where passengers can enjoy offsite airport check-ins.

More retail properties are scheduled for opening in 2016, namely, THE HOUSE at Shanghai Taipingqiao, Hall of the Moon at Ruihong Tiandi in Shanghai, HORIZON shopping centre at Wuhan Tiandi and NOVA shopping centre at Foshan Lingnan Tiandi. With the excellent location and outstanding quality inherent in the Tiandi brand, we are confident that these projects will further consolidate our market position and showcase Shui On's capabilities in building new urban landmarks.

FURTHER REFINEMENTS TO OUR BUSINESS STRATEGY

Reflecting on 2015, it is gratifying to see our asset-light business strategy beginning to deliver the results we had aimed for. Going forward, we will continue to aim to increase asset churn, reduce our debt and gearing ratio, lower the cost of funds, and grow our capacity for new investments.

In the year ahead, we will continue to execute asset-light strategy to maximise returns and opportunities according to the evolving market and our own business development. We will continue to capture suitable opportunities to divest of commercial properties and to fully maximise our asset value and return to shareholders.

In line with our priority of maximising asset value and returns through disposal of mature commercial assets, we believe that an IPO is not the optimal way to realise the full valuation of China Xintiandi's portfolio and we decided not to pursue an IPO for China Xintiandi in the near term.

THE HUB was officially opened in the end of 2015

Show flat of Rui Hong Xin Cheng • The Upper

Following this decision, we have started to integrate the corporate functions of Shui On Land and China Xintiandi, including Finance, Legal, Human Resources and Corporate Communications. We expect the consolidation of these functions will increase efficiency and reduce costs.

AT THE FOREFRONT OF INNOVATION

As an innovative and customer-focused property developer, we have always embraced change and constantly look for ways to improve our services and enhance the customer experience in accordance with our "Live-Work-Play" model. Indeed, innovation, quality and striving for excellence are cornerstones of the premium valuation we have achieved in our properties.

Today, we are exploring leading-edge technology and other options so that we can continuously upgrade our service offerings. One example is the use of new digital technology that enables home purchasers to customise the design of their flats before they are built – this would be a first in the industry.

Innovations such as this are part of our ongoing commitment to advance the industry and will fundamentally change how projects and communities are planned in future. We are confident that we can take the personalised experience enjoyed by our customers to the next level.

APPRECIATION

I would like to express my sincere gratitude to all our stakeholders who share in our vision: our dedicated staff who worked tirelessly throughout the year to achieve better results for the Group, as well as my fellow Directors, shareholders and business partners whose unwavering support was instrumental in helping the Group actualise our vision.

Before I close, I would like to take the opportunity to welcome Douglas Sung as our new Executive Director and Chief Financial Officer, with whom I look forward to working closely to achieve even greater results for the Group.

The journey in front of us is not without challenge. However, with your support, I am confident that we shall carry forward the momentum created thus far into the year ahead.

VINCENT H. S. LO
Chairman

Hong Kong, 16 March 2016

GOOD ASSETS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SHANGHAI

An economic metropolis of China, Shanghai is the country's leading commercial, financial and shipping centre. Shanghai is one of the four municipalities of the PRC, hosting a total population of 24.15 million at the end of 2015. The establishment of the China (Shanghai) Pilot Free Trade Zone in 2013 marked a milestone for a new round of market reforms and the expansion of Shanghai. In 2015, its total GDP stood at RMB2,496.5 billion, and GDP per capita at RMB103,100. Currently, approximately 1,430 financial institutions and the regional headquarters of 535 multinational corporations have a presence in Shanghai, while 396 overseas companies have set up research and development centres in the city.

GREATER HONGQIAO AREA

The Greater Hongqiao Area is one of the four key economic drivers under Shanghai's 12th Five Year Plan (2011 – 2015). The other three drivers are the EXPO Area, the Greater Pudong Area and the Disneyland Area. The planned site in the Greater Hongqiao Area is three times larger than the Pudong Lujiazui Financial Zone. The aim is to balance the development of western and eastern Shanghai and to ease traffic congestion in the city core. "West Gate" is an alternate and fitting name, referring to the area's role as a gateway for people and companies worldwide to enter China through the Yangtze River Delta via its comprehensive transportation network.

THE HUB

Site Location: THE HUB is ideally located at the heart of the Hongqiao Central Business District (CBD). It is linked directly to the Hongqiao Transportation Hub, thus facilitating convenient and efficient access to the major components of the Transportation Hub, namely the Shanghai High-Speed Rail Station that connects to all major cities in China, Terminal 2 of the Shanghai Hongqiao International Airport, and five Shanghai Metro lines.

Master-plan: Designed to become a new business, cultural and lifestyle landmark, THE HUB comprises a large retail component, offices, a performance and exhibition centre, spanning a total leasable GFA of 282,000 sq.m.. Situated at the heart of the Hongqiao CBD, the site for THE HUB was acquired by the Group for RMB3.2 billion through a public land auction in September 2010. As China's economy approaches a world pinnacle, the integral role of Shanghai as a world-class financial and trading centre grows increasingly prominent. Hongqiao CBD will, not only be a dynamic new CBD in Shanghai, but also the CBD of choice for the Yangtze River Delta, giving the area greater global exposure and significance.

The construction work of the development commenced in 2011 and completed in the second half of 2015. A total of four Office Towers for a total GFA of 91,000 sq.m. were completed progressively from 2013 to 2014. Tenants have been moving in since the late 2014 and of which, Fortune 500 companies include Roche Diagnostics (Greater China Headquarters), Shell (Downstream Business Headquarters), Sherwin-Williams (China Headquarters) and Acer Computer (China Headquarters), as well as included regional headquarters and branch offices of leading companies of various industries. Occupancy rate reached 80% as of 31 December 2015. A 5-star hotel with a total GFA of 44,000 sq.m. was completed and delivered in 2015. The hotel was sold for a consideration of RMB965 million in 2014.

The combined retail portfolio of THE HUB has a total GFA of 135,000 sq.m.. Xintiandi and the office retail space with a total GFA of 22,000 sq.m. were completed from 2014 to 2015. Tenants including Shanghai Tang Café, Pizza Express and Fountain Restaurant have commenced their operation since the second half of 2015 ("2H 2015"). The shopping mall with a total GFA of 107,000 sq.m. is planned to and accommodates over 200 shops. Anchor tenants including

H&M, GAP, Muji, Emperor UA Cinema and Food Republic Food Court have gradually commenced operations from September 2015. The shopping mall offers a strong tenant mix with many brands making their first appearance in China or Shanghai including Emperor UA IMAX Cinema (the only IMAX theatre in Hongqiao CBD), Imperial Treasure Super Peking Duck (One of Asian's Top 50 restaurants), Yanjiyou Bookstore (first flagship shop in Shanghai), Tom Tailor and Hong Kong-style cuisine – 源港原味.Occupancy rate reached 76% as of 31 December 2015. The soft opening of the shopping mall was held in September 2015 and the official opening ceremony was held in December 2015. The performance and exhibition centre with a total GFA of 14,000 sq.m. was completed in 2H 2015.

In addition, THE HUB project received the "MIPIM Best Mixed-Use Development Project Gold Awards" from the MIPIM Asia 2015 in December 2015. As the first one-stop lifestyle centre that connects directly with the Hongqiao Transportation Hub, THE HUB enjoys an irreplaceable market positioning, via a unique and seamless blend of shopping, entertainment and F&B with the performing arts and a kids & family-friendly experience. THE HUB is the culmination of ideal space planning, and brings to the working crowd in Hongqiao CBD and its surrounding population of 75 million a brand new, iconic commercial and retail destination.

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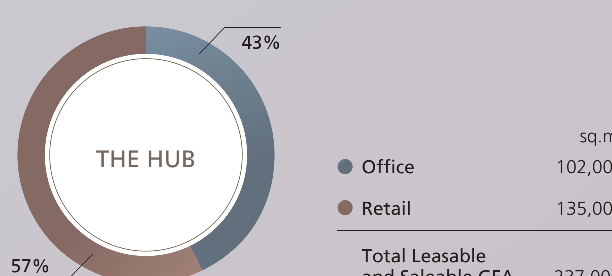


The following table shows the usage mix of the project as of 31 December 2015 based on the Master-plan:

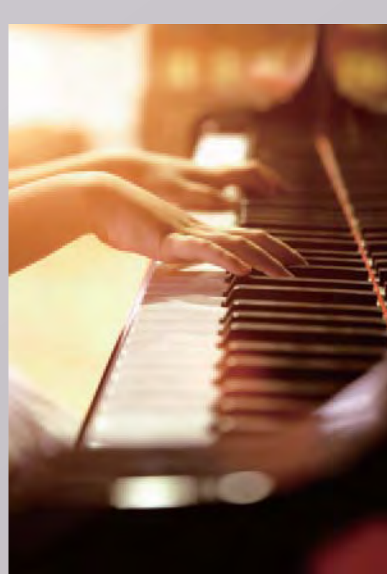
	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, Carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
D17	–	75,000	24,000	–	**99,000**	33,000	**132,000**	78.11%
D19	–	27,000	111,000	–	**138,000**	69,000	**207,000**	78.11%
Total	–	102,000	135,000	–	237,000	102,000	339,000	

SHANGHAI

HUANGPU DISTRICT

Huangpu District is located in central downtown of Shanghai, on the west side of the Huangpu River, east side of the Jingan District and facing Pudong Lujiazui Financial District. With the approval of the State Council, the existing Huangpu District was extended with effect from June 2011 to include the old Luwan District.

The Bund, also located in Huangpu District, is famous for its historical buildings overlooking the Huangpu River. Heading westward from the Bund are several major commercial streets, including East Nanjing Road, Fuzhou Road and Huai Hai Road. The 5,500-metre-long Huai Hai Road is a well-known shopping promenade in Shanghai. Another landmark of the Huangpu District is the People's Square, where the Shanghai Municipal Government is headquartered.



TAIPINGQIAO PROJECT

Site location: The Taipingqiao project is located in Huangpu District, and sits ideally along one of Shanghai's main commercial thoroughfares – Huai Hai Middle Road, an area that has over the years been transformed into a world-class commercial area. It is now home to the flagship stores of a host of major retail luxury brands. Metro Lines 1, 8, 10 and 13 connect this project to major urban areas of Shanghai. Metro Line 13 is a new line that serves the community and crosses Metro Line 10 at the Xintiandi Station.

Master-plan: The project is a large-scale, city-core redevelopment project, with an emphasis on the preservation and restoration of historic buildings and the establishment of an integrated community. The Master-plan blends the classic architecture of "Old Shanghai" with modern features and amenities. The project comprises three main zones: Shanghai Xintiandi as the historic restoration zone; Corporate Avenue office towers together with the podium shopping malls – Hubindao, Xintiandi Style and Shui On Plaza – as the commercial zone; and Lakeville, a premium residential zone. The Group has been developing the project in phases since 1996.

Among the commercial developments, Shanghai Shui On Plaza, Xintiandi, Xintiandi Style, with a total GFA of 140,000 sq.m. (36,000 sq.m. for office use and 104,000 sq.m. for retail use), are earmarked as investment properties of the Group. 5 Corporate Avenue with a total GFA of 79,000 sq.m. was sold for RMB4,300 million in 2013. The office and retail complex at 1 & 2 Corporate Avenue, comprising a total GFA of 83,000 sq.m. was sold for RMB6,601 million. 3 Corporate Avenue (Lot 127) accommodates an office building with a GFA of 56,000 sq.m., incorporating a retail podium with a GFA of 31,000 sq.m. was completed in the first half of 2015. It was subsequently disposed of in December 2015 for RMB5,700 million.

In terms of residential development, Lakeville Phases 1 to 3 with a GFA of approximately 253,000 sq.m. have been sold and delivered since 2002. Relocation of Lot 116, to be developed as Lakeville Phase 4, named Lakeville Luxe, was completed in August 2014 and a total GFA of 88,000 sq.m.. It is currently under construction and planned for completion in 2016. When completed, Lakeville Luxe will comprise of approximately 300 units of luxurious residential apartments. The first batch was launch for pre-sale in December 2015. The remaining is planned to be launched from 2016 to 2017. Relocation of Lakeville Phase 5 (Lot 118) with a total GFA of 80,000 sq.m. for residential use commenced in late 2014 with 97% of the households having signed relocation agreements as of 31 December 2015.

Further relocation plans and timetable for the remaining 416,000 sq.m. of GFA, comprises of 86,000 sq.m. for residential usage, 174,000 sq.m. for office usage, 118,000 sq.m. for retail and 38,000 sq.m. for hotel & serviced apartment usage, have yet to be determined.

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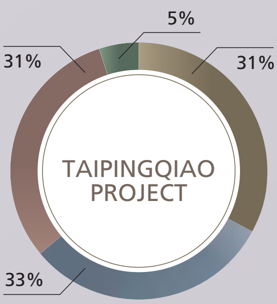
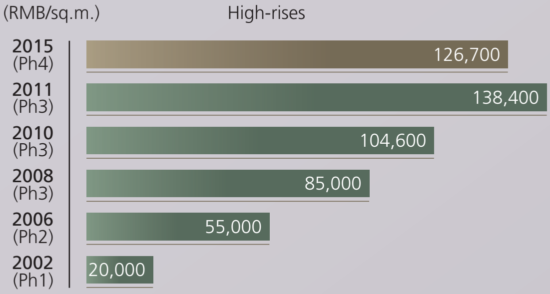
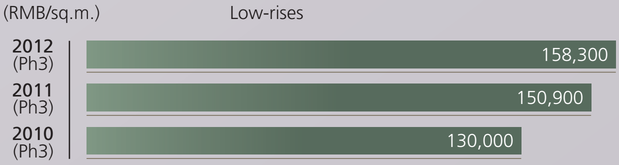


	sq.m.
Residential	254,000
Office	266,000
Retail	253,000
Hotel/ Serviced Apartment	38,000
Total Leasable and Saleable GFA	811,000

RESIDENTIAL ASP





The following table shows the usage mix of the project as of 31 December 2015 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, Carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
Xintiandi	–	4,000	43,000	–	47,000	15,000	62,000	78.11%
THE HOUSE	–	–	7,000	–	7,000	–	7,000	78.11%
The Lakeville and Lakeville Regency	–	–	–	–	–	24,000	24,000	99.00%
Casa Lakeville	–	–	–	–	–	5,000	5,000	77.33%
Xintiandi Style	–	–	26,000	–	26,000	8,000	34,000	77.33%
3 Corporate Avenue	–	56,000	31,000	–	87,000	32,000	119,000	77.33%
Shui On Plaza	–	32,000	28,000	–	60,000	8,000	68,000	62.49%[1]
Subtotal	–	92,000	135,000	–	227,000	92,000	319,000	
Properties under development								
Lakeville Luxe (Lot 116)	88,000	–	–	–	88,000	39,000	127,000	39.0656%
Lot 118	80,000	–	–	–	80,000	–	80,000	99.00%
Subtotal	168,000	–	–	–	168,000	39,000	207,000	
Properties for future development								
Subtotal	86,000	174,000	118,000	38,000	416,000	44,000	460,000	99.00%
Total	254,000	266,000	253,000	38,000	811,000	175,000	986,000	

1 The Group acquired an additional GFA of 2,000 sq.m. in Shui On Plaza in 2015 in which the Group has an effective interest of 78.11%.

HONGKOU DISTRICT

The Hongkou District is situated in downtown Shanghai. The District has a long history and deep cultural roots. It is currently being transformed into a modern, integrated district to facilitate its bustling commerce, an environment that accentuates quality of life, its unique cultural characteristics and efficient public services. The North Bund area of Hongkou District is the landmark shipping and logistics services development hub for Shanghai, serving more than 3,000 shipping and logistics companies. The major economic driving forces that tool the success of the Hongkou District are its shipping services, knowledge industries, leisure and entertainment services and its real estate industry.

RUI HONG XIN CHENG

Site location: The Rui Hong Xin Cheng project ("RHXC"), known also as Rainbow City, is located in Hongkou District. It is adjacent to the North Bund and the North Sichuan Road business district. The project enjoys excellent connectivity to the Lujiazui CBD and Pudong commercial district, via four metro lines: Metro Lines 4, 8, 10 and 12; as well as two tunnels: Xinjian Road Tunnel and Dalian Road Tunnel.

Master-plan: Rui Hong Xin Cheng is a large-scale, city-core redevelopment project. According to the Master-plan, the project will be revitalised to become an integrated community comprising office buildings, shopping centres, hotels, culture & entertainment space and residential properties. RHXC is projected to be a fashionable urban living destination within the Inner Ring Viaduct of Shanghai.

For residential developments in RHXC, the Group has developed, sold and delivered approximately 570,000 sq.m. in GFA of residential units, which were completed in five phases since 1998.

Relocation at The Upper, Phase 6 (Lot 9) and The Gallery, Phase 7 (Lot 2) was completed in late 2014, which encompass a total planned GFA of 189,000 sq.m. for residential and 3,000 sq.m. for ancillary retail usage. These areas are now under construction and are scheduled to be completed progressively from late 2016. First batch of The Upper was launched for pre-sale in October 2015. Pre-sales for the second batch of The Upper and the new launch of The Gallery are scheduled to take place in 2016 to 2017. The ASP of contracted sales of the residential units has increased progressively from RMB16,600 per sq.m. in 2007 to RMB68, 800 per sq.m. in 2015.

In terms of commercial properties, 129,000 sq.m. of leasable GFA have been developed into retail spaces and retained in the Group's investment property portfolio. Hall of the Stars (Ruihong Tiandi Lot 6) with a total leasable GFA of 19,000 sq.m. commenced operations in 2015. Hall of the Moon (Ruihong Tiandi Lot 3) completed construction in late 2015, with a planned leasable GFA of 64,000 sq.m. for a retail podium and GFA of 16,000 sq.m. for a serviced apartment. It is planned for opening in late 2016.

Relocation at Lots 1, 7 and 10, which comprises a total planned GFA of 599,000 sq.m., has seen good progress. Lots 1 and 7 with a total GFA of 268,000 sq.m. and 2,000 sq.m. are to be developed into residential and ancillary retails respectively. Lot 10, also named Hall of the Sun, with a total GFA of 329,000 sq.m. is to be developed into a shopping mall and two office towers. As of 31 December 2015, approximately 96% and 94% of the residents at Lots 1 and 7, and 99% at Lot 10, have signed relocation agreements respectively. It is estimated that the completion of the relocation of these three sites are to be from 2016 to 2017.

Further relocation plans and timetable for the remaining 230,000 sq.m. of GFA, comprises 83,000 sq.m. for residential usage, 69,000 sq.m. for office usage and 78,000 sq.m. for retail usage, at Lots167A and 167B have yet to be determined.

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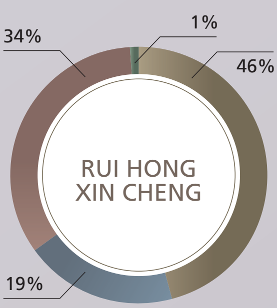
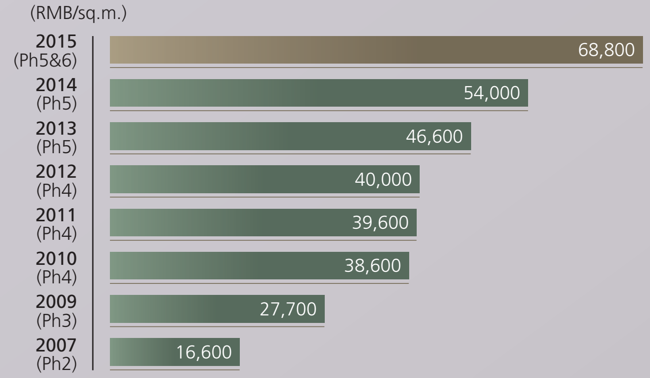


	sq.m.
Residential	540,000
Office	217,000
Retail	393,000
Hotel/ Serviced Apartment	16,000
Total Leasable and Saleable GFA	1,166,000

RESIDENTIAL ASP



The following table shows the usage mix of the project as of 31 December 2015 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	**Sub-total GFA sq.m.**	Clubhouse, Carpark and other facilities sq.m.	**Total GFA sq.m.**	Group's interest %
Completed properties								
The Palette 1	–	–	5,000	–	**5,000**	13,000	**18,000**	100.00%
The Palette 3	–	–	28,000	–	**28,000**	21,000	**49,000**	99.00%
The Palette 5	–	–	1,000	–	**1,000**	3,000	**4,000**	99.00%
The Palette 2	–	–	12,000	–	**12,000**	19,000	**31,000**	99.00%
Hall of the Stars (Ruihong Tiandi Lot 6)	–	–	19,000	–	**19,000**	7,000	**26,000**	99.00%
The View (Lot 6)	–	–	–	–	**–**	10,000	**10,000**	99.00%
Hall of the Moon (Ruihong Tiandi Lot 3)	–	–	64,000	16,000	**80,000**	23,000	**103,000**	99.00%
Subtotal	**–**	**–**	**129,000**	**16,000**	**145,000**	**96,000**	**241,000**	
Properties under development								
The Uppper (Lot 9)	85,000	–	2,000	–	**87,000**	32,000	**119,000**	99.00%
The Gallery (Lot 2)	104,000	–	1,000	–	**105,000**	44,000	**149,000**	99.00%
Lot 1	109,000	–	1,000	–	**110,000**	7,000	**117,000**	99.00%
Lot 7	159,000	–	1,000	–	**160,000**	4,000	**164,000**	99.00%
Lot 10	–	148,000	181,000	–	**329,000**	115,000	**444,000**	99.00%
Subtotal	**457,000**	**148,000**	**186,000**	**–**	**791,000**	**202,000**	**993,000**	
Properties for future development								
Subtotal	**83,000**	**69,000**	**78,000**	**–**	**230,000**	**2,000**	**232,000**	100.00%
Total	540,000	217,000	393,000	16,000	1,166,000	300,000	1,466,000	

YANGPU DISTRICT

Think of Yangpu District as multi-faceted, and at its heart is the Wujiaochang – KIC – Jiangwanxincheng area, designated by the Shanghai municipal government as one of the city's four urban sub-centres. Yangpu District has been transformed into a knowledge industry and support services hub to complement an important development goal of Shanghai to become the value-added service centre of China. The district is also home to over 10 universities and colleges, including Fudan University, Tongji University and Shanghai University of Finance and Economics. The presence of 22 key state laboratories and 65 scientific research institutes gives the district an unparalleled competitive advantage in becoming the intellectual hub of Shanghai. Another advantage for Yangpu District is its proximity to Hongkou District.

KNOWLEDGE AND INNOVATION COMMUNITY

Site location: The Knowledge and Innovation Community ("KIC") project is strategically located in the immediate vicinity of major universities and colleges in Yangpu District, northeast of downtown Shanghai. The public transportation network provides commuters with multiple connections between the project and the city centre, including the Middle-Ring Highway, over 30 public transportation routes and Metro Line 10.

Master-plan: The project is designed to be a multi-functional community with a lifestyle characterised by health and sustainability. Through the project, the Group is facilitating the transformation of the Yangpu District from an industrial and manufacturing area to a plateau for knowledge and innovation. The project draws on readily available education and human resources in the vicinity. The ultimate goal is to create an environment that fosters innovation, commercialisation, technological development, cultural activities, research and business incubation, as well as growth and development.

Since 2003, GFA of over 344,000 sq.m. have been progressively developed as office and retail properties, with the Group retaining 225,000 sq.m. as its part of its investment property portfolio. Major construction work at KIC was completed as of the end of 2015. The occupancy rate at the KIC remains stable, with established technology companies, including EMC², Oracle, EBAO, VMware, Splunk, Deloitte and IBM as tenants.

The last batch of residential units at Jiangwan Regency, the residential development of Lot 311, was sold in 2013 with an ASP reaching RMB38,600 per sq.m. This represents an over 100% increase in ASP from when the first phase was launched in 2007 at RMB18,700 per sq.m.. To-date, a total GFA of 132,000 sq.m. in residential developments has been sold and delivered for this project.

KIC is an international knowledge community that aims to integrate work, live, learning and play. KIC has been regarded as landmark of innovation and entrepreneurship in Shanghai. After 12 years of development, KIC has emerged as a cradle for entrepreneurs, and a mature knowledge community which combines the spirit of entrepreneurship and vibrant cultural communications. Over 500 start-ups are incubating in KIC, and they play pioneer roles in multiple industries including TMT, design, clean tech, etc. Nearby universities, industry giants (MNC tenants), and growing start-ups have come together to form a mutually beneficial eco-system. KIC is where dreams are made and realised.

– InnoSpace, an incubator powered by KIC, is a short-term incubation platform for seed and angel start-ups. Apart from the provision of plug-and-play space, InnoSpace adopts a "incubation + investment" model for the purpose of building InnoSpace into an early-stage incubator with considerable influences and niche in internet & internet-related space in Shanghai.

– University Avenue is a vibrant part of KIC. The road offers a wide selection of gourmet cuisines from various regions including Mexico, Thailand and Italy. Those coffee shops, leisure restaurants, independent book stores, creative retail stores can be seen everywhere in university avenue, which certainly inspire your daily life just as you are in Silicon Valley or the left bank of Paris.

– Hundreds of events take place in KIC throughout the year, including Shanghai's Mayor Conference, annual Makers Carnival, Christmas Countdown, Global Hackathons, etc. These events attract participation from thousands of people who favor Innovation, Entrepreneurship, and Lifestyles of Health and Sustainability (LOHAS).

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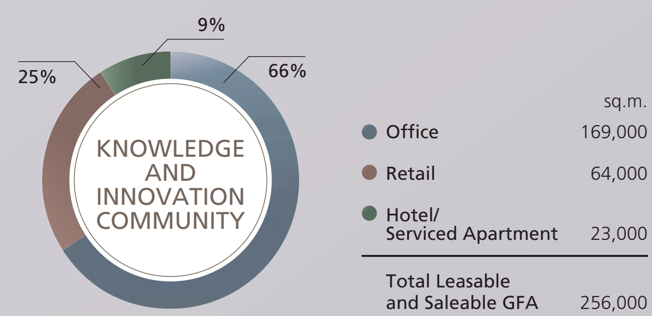
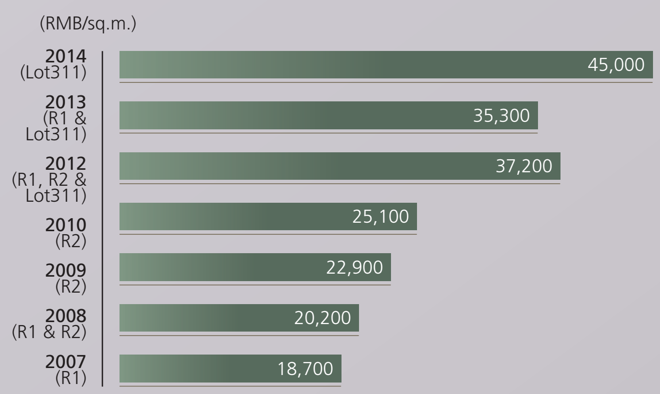


RESIDENTIAL ASP

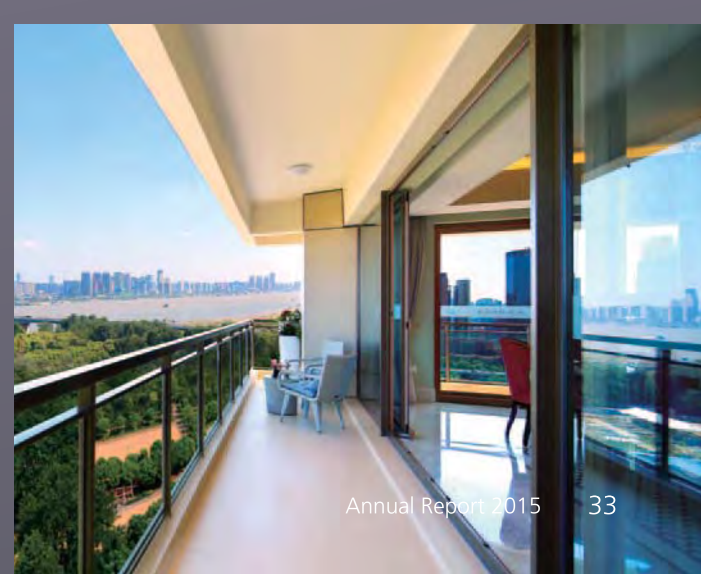


The following table shows the usage mix of the project as of 31 December 2015 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	**Sub-total GFA sq.m.**	Clubhouse, Carpark and other facilities sq.m.	**Total GFA sq.m.**	Group's interest %
Completed properties								
KIC Village R1	–	–	7,000	–	**7,000**	11,000	**18,000**	86.80%
KIC Village R2 (Lot7-9/8-2)	–	5,000	3,000	–	**8,000**	7,000	**15,000**	86.80%
KIC Village R2 (Lot 7-7)	–	6,000	1,000	–	**7,000**	17,000	**24,000**	86.80%
KIC Plaza Phase 1	–	29,000	21,000	–	**50,000**	25,000	**75,000**	86.80%
KIC Plaza Phase 2	–	39,000	10,000	–	**49,000**	30,000	**79,000**	86.80%
KIC Plaza C2 (Lots 5-7, 5-8)	–	27,000	11,000	–	**38,000**	12,000	**50,000**	86.80%
Jiangwan Regency	–	–	–	–	–	10,000	**10,000**	99.00%
1-3 KIC Corporate Avenue	–	5,000	3,000	–	**8,000**	16,000	**24,000**	99.00%
5-7 KIC Corporate Avenue	–	53,000	8,000	–	**61,000**	28,000	**89,000**	99.00%
Lot 12-8	–	5,000	–	–	**5,000**	2,000	**7,000**	86.80%
Subtotal	–	**169,000**	**64,000**	–	**233,000**	**158,000**	**391,000**	
Properties under development								
Lot 311 Phase 2, Stage 2	–	–	–	23,000	**23,000**	–	**23,000**	99.00%
Subtotal	–	–	–	**23,000**	**23,000**	–	**23,000**	
Total	–	169,000	64,000	23,000	256,000	158,000	414,000	

WUHAN

Situated at the junction of the Yangtze and Han rivers, Wuhan is the capital city of Hubei Province. It is central China's largest city and a nucleus of manufacturing, commerce, and transportation. As the hub city in central China, Wuhan is the focus of comprehensive reform & innovation pilot and innovative trade service strategy. Meanwhile, Wuhan's strategic value as a transportation hub has been further enhanced by its emergence as a major hub within China's high speed railway (HSR) framework. Rail travel time between Wuhan to major cities within Hubei province takes only one hour; time between Wuhan and major provincial capitals in central China takes only two hours; time to mega cities, such as Beijing, Shanghai, Guangzhou, Chongqing and Chengdu takes only five hours. In 2015, GDP growth in Wuhan reached 8.8% and the total GDP stood at RMD1,091 billion.



WUHAN

WUHAN TIANDI

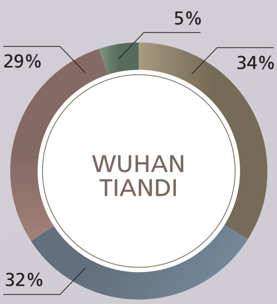
Site location: The Wuhan Tiandi project is situated in the city centre of Hankou District. It occupies a prime location on the Yangtze River waterfront, with unparalleled views of the Yangtze River and scenic Jiangtan Park. In December 2008, the municipal government formally approved plans for a "Riverside Business Zone" which includes the Wuhan Tiandi project. The Riverside Business Zone is designed to be a premium destination for the city's financial and business needs, as well as a hub for innovation and culture.

Master-plan: Wuhan Tiandi is a large-scale, mixed-use redevelopment comprising two major sites. Site A includes office towers, retail, food and beverage, and entertainment facilities, together with some residential blocks. Site B comprises mainly residential and office buildings, supported by an ancillary retail centre. The project has become a landmark in Wuhan, benefiting from a careful balance of preserving local historical architecture while injecting new commercial value. With a total GFA of 46,000 sq.m., the retail and food and beverage component have been in operation since 2007, and is included in the Group's investment property portfolio.

Residential developments in Wuhan Tiandi have been well received by the market. Site A residential units were sold and delivered. In Site B, Wuhan Tiandi B9, B11 and B13, comprising a total GFA of 178,000 sq.m., was also sold and delivered following its completion from 2012 to 2014. Construction work at La Riva (Lot B14), with a total GFA of 89,000 sq.m. for residential use, commenced in the second half of 2013. It was launched for sale from the second half of 2014 to 2015 and is planned for completion in 2016. Construction work at Lot B4/B5 with a total GFA of 41,000 sq.m. for residential usage and GFA of 71,000 sq.m. for commercial usage commenced in the first half of 2015 and is scheduled to be completed progressively from 2017.

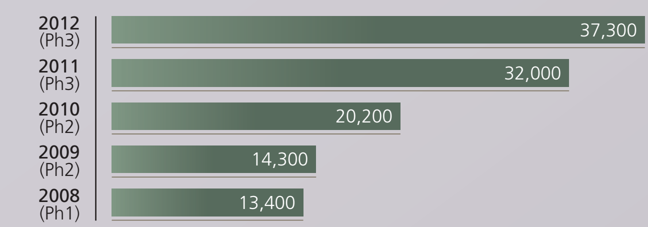
The commercial development of Lots A1/A2/A3, offering a total GFA of 388,000 sq.m., comprises a retail podium, 3 office towers and a hotel. Construction of two premium office blocks and the shopping mall is in progress. In December 2014, the office tower at Lot A2, 2 Corporate Avenue, with a total GFA of 42,500 sq.m., was sold for a consideration amounted to RMB937 million and was delivered in the second half of 2015. The remaining GFA of 55,000 sq.m. of office building, 3 Corporate Avenue at Lot A3 and 114,000 sq.m. shopping mall, HORIZON, at Lot A1/A2/A3 are scheduled for completion and delivery in 2016.

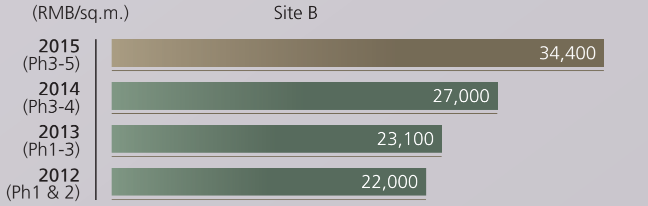
GFA BY USAGE



	sq.m.
Residential	373,000
Office	353,000
Retail	322,000
Hotel/ Serviced Apartment	52,000
Total Leasable and Saleable GFA	1,100,000

RESIDENTIAL ASP





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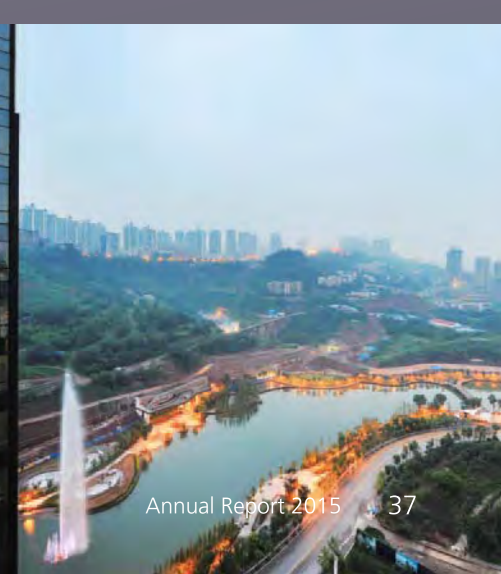
	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	**Sub-total GFA sq.m.**	Clubhouse, Carpark and other facilities sq.m.	**Total GFA sq.m.**	Group's interest %
Completed properties								
Wuhan Tiandi (Lots A4-1/2/3)	–	–	46,000	–	**46,000**	25,000	**71,000**	78.11%
Subtotal	**–**	**–**	**46,000**	**–**	**46,000**	**25,000**	**71,000**	
Properties under development								
HORIZON (Lots A1/A2/A3 mall)	–	–	114,000	–	**114,000**	118,000	**232,000**	100.00%
3 Corporate Avenue (Lot A3)	–	55,000	–	–	**55,000**	5,000	**60,000**	100.00%
Wuhan Tiandi Park Place (Lot B4/5)	–	–	71,000	–	**71,000**	78,000	**149,000**	100.00%
Wuhan Tiandi Park View (Lot B5)	41,000	–	–	–	**41,000**	–	**41,000**	100.00%
La Riva	89,000	–	–	–	**89,000**	26,000	**115,000**	100.00%
Lot A1 Office Tower	–	132,000	–	45,000	**177,000**	16,000	**193,000**	100.00%
Subtotal	**130,000**	**187,000**	**185,000**	**45,000**	**547,000**	**243,000**	**790,000**	
Properties for future development								
Subtotal	**243,000**	**166,000**	**91,000**	**7,000**	**507,000**	**4,000**	**511,000**	100.00%
Total	373,000	353,000	322,000	52,000	1,100,000	272,000	1,372,000	

CHONGQING

Chongqing is strategically located in the upstream section of the Yangtze River. It is the only municipality in western China (the other three being Beijing, Shanghai and Tianjin). Together with its five neighbouring provinces, Chongqing covers a regional market with a population of 310.0 million, and is emerging as the regional economic hub of western China. Given its inland location and relatively low urbanization rate, Chongqing stands to gain as the new leadership of China focuses on re-balancing and urbanization strategies. Sustained investment in key infrastructure projects connecting the western region to Chongqing, and Chongqing to the rest of China, have enabled Chongqing to play a dominant role as the catalyst for growth in western China. In 2015, GDP growth in Chongqing reached 11.0% and its total GDP reached RMB1,572 billion. Chongqing was also selected as the site of the 3rd China-Singapore government-to-government project. This strategic development marks an important milestone for the “One Belt and One Road” initiative aimed at reviving the ancient trade routes spanning Asia, Africa and Europe.



CHONGQING

CHONGQING TIANDI

Site location: The Chongqing Tiandi project is located in Yuzhong District, the International Business District of Chongqing.

Master-plan: Chongqing Tiandi is an urban redevelopment project. The Master-plan for this project includes a man-made lake with pavilions and a promenade along the waterfront, a commercial core comprising Grade A office buildings, exhibition and conference facilities, luxury-standard hotels, and retail and entertainment outlets. Hillside residential clusters were designed to replicate Chongqing's traditional hill-town characteristics and to offer scenic views of the lake and river. The development of this project envisages establishing a service hub to support Chongqing's economic development. In 2012, the project was authorised as Chongqing's "International Business District" by the Chongqing Foreign Trade and Economic Relations Commission.

Since 2008, the residential phases "Riviera I to VI stage 1" have been completed and progressively delivered to customers, comprising a total GFA of 742,000 sq.m.. In 2015, a total GFA of 145,000 sq.m. of residential apartments and GFA of 3,900 sq.m. of retail area were sold and delivered to the customers. The ASP* of the residential units sold to date has increased from RMB 6,800 per sq.m. in 2009 to RMB 10,500 per sq.m. in 2015 (based on contracted sales price). The Riviera VI stage II (Lot B16 stage II) for a GFA of 108,000 sq.m. commenced construction in 2014 is scheduled for completion by late 2016.

Construction work of The Riviera VII (Lot B9) for a GFA of 54,000 sq.m. commenced in 2015 and is scheduled for completion by late 2016. The Riviera VIII (Lot B6) for a GFA of 125,000 sq.m. commenced in 2015 and is scheduled for completion in 2017.

In the commercial cluster, Corporate Avenue towers 2 to 8, totaling 351,000 sq.m. of office GFA, and 4,000 sq.m. of retail GFA were sold, completed and delivered between 2012 and 2014 (Lot B11-1 Phase 1, Lots B12-1, B12-3 and B12-4).

Jialing Mall phase 1 with a total GFA of 79,000 sq.m. on the podium of Corporate Avenue office towers (Lots B12-3, B12-4, Lot B11-1) commenced operation in 2015. Major tenants include Chongqing Ocean World, Chongqing's first and only ocean aquarium in operation, Palace Cinema.

* The ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.

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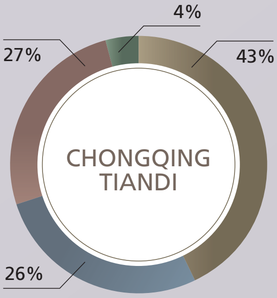
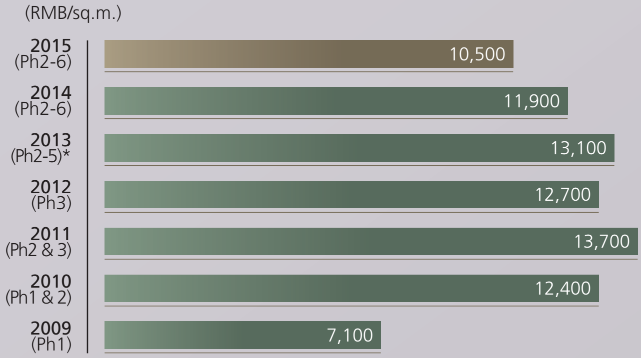


	sq.m.
Residential	720,000
Office	434,000
Retail	456,000
Hotel/ Serviced Apartment	75,000
Total Leasable and Saleable GFA	1,685,000

RESIDENTIAL ASP



* Residential Ph2-5 & Retail

The following table shows the usage mix of the project as of 31 December 2015 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	**Sub-total GFA sq.m.**	Clubhouse, Carpark and other facilities sq.m.	**Total GFA sq.m.**	Group's interest %
Completed properties								
The Riviera I (Lot B1-1/01)	–	–	1,000	–	**1,000**	10,000	**11,000**	99.00%
Chongqing Tiandi (Lot B3/01)	–	–	49,000	–	**49,000**	25,000	**74,000**	99.00%
The Riviera II (Lot B2-1/01)	–	–	3,000	–	**3,000**	30,000	**33,000**	99.00%
The Riviera III (Lot B19/01)	–	–	2,000	–	**2,000**	17,000	**19,000**	99.00%
2 Corporate Avenue (Lot B11-1/02 Phase 1)	–	–	11,000	–	**11,000**	16,000	**27,000**	99.00%
The Riviera IV (Lot B20-5/01)	1,000	–	–	–	**1,000**	15,000	**16,000**	99.00%
The Riviera V (Lot B18/02)	14,000	–	3,000	–	**17,000**	31,000	**48,000**	99.00%
6, 7 Corporate Avenue (Lot B12-3/02)	–	–	37,000	–	**37,000**	13,000	**50,000**	99.00%
8 Corporate Avenue (Lot B12-4/02)	–	–	31,000	–	**31,000**	12,000	**43,000**	99.00%
The Riviera VI Stage 1 (Lot B16/03 Stage 1)	7,000	–	8,000	–	**15,000**	–	**15,000**	99.00%
Subtotal	**22,000**	**–**	**145,000**	**–**	**167,000**	**169,000**	**336,000**	
Properties under development								
The Riviera VI Stage 2 (Lot B16/03 Stage 2)	103,000	–	5,000	–	**108,000**	64,000	**172,000**	99.00%
The Riviera VII (Lot B9)	30,000	14,000	10,000	–	**54,000**	14,000	**68,000**	99.00%
The Riviera VIII (Lot B6)	111,000	–	14,000	–	**125,000**	53,000	**178,000**	99.00%
1, 10 Corporate Avenue (Lot B11-1/02 Phases 2&3)	–	259,000	104,000	25,000	**388,000**	113,000	**501,000**	99.00%
Lot B5/03	109,000	–	13,000	–	**122,000**	48,000	**170,000**	99.00%
Lot B10/03	30,000	18,000	5,000	–	**53,000**	17,000	**70,000**	99.00%
Subtotal	**383,000**	**291,000**	**151,000**	**25,000**	**850,000**	**309,000**	**1,159,000**	
Properties for future development								
Subtotal	**315,000**	**143,000**	**160,000**	**50,000**	**668,000**	**212,000**	**880,000**	99.00%
Total	720,000	434,000	456,000	75,000	1,685,000	690,000	2,375,000	

FOSHAN

Situated at the heart of the Pearl River Delta and only 28 km to the southwest of the Guangzhou city centre, Foshan is one of the most vigorous cities of China, supported by its economic dynamism along with a rich historical and cultural heritage. In 2015, GDP growth in Foshan reached 8.5% with a total GDP of RMB800 billion. GDP per capita was over RMB100,000. In order to ensure the city's sustainable development, the Foshan government has committed to ambitious urban renewal projects, high-tech park establishment and investments in transportation infrastructure. Specifically, the reconstruction and revitalization of Zumiao historic and cultural buildings is one of the local government's core tasks. Foshan is developing two major new business zones, namely the Sino-German Industrial Service Zone and the Guangdong High-Tech Service Zone, which will significantly boost Foshan's economic prospects and vitality. Besides the Guangfo Metro, which has linked downtown Foshan with downtown Guangzhou since 2011, construction has also started in 2014 for Guangfo Metro Line 2, which will connect the Gaoming and Chancheng districts of Foshan city to the Guangzhou high-speed railway station. The new line is slated for completion by 2018. Guangfo Metro Line 3, which will connect the North-West and South-East districts of Foshan to downtown Foshan, is scheduled for construction in 2016.

MARKET UPDATES AND PROJECT PROFILES

FOSHAN

FOSHAN LINGNAN TIANDI

Site Location: The Foshan Lingnan Tiandi project is strategically located in the old town centre of central Chancheng District, Foshan's traditional downtown area and public transportation hub. The project was listed as a part of the renowned Lingnan-culture area, which is poised to become a national 5A tourist destination. Two subway stations of the Guangzhou-Foshan line are connected to the project site. The Guangfo Metro Line 1 is connected to Haizhu District, allowing for convenient access to downtown Guangzhou. The extended line from Xilang Station to Yangang Station, which passes through the Zhujiang River, entered into operations on 28 December 2015. The commute distance from Zumiao Station, the subway station at the project site, to Haizhu District is shortened to 30 minutes.

Master-plan: The project is a large-scale urban redevelopment, comprising office, retail, hotel and cultural facilities and residential complexes in an integrated community. The centre piece of Foshan's cultural heritage is Zumiao, an immaculately preserved ancient Taoist temple. This and another well-known historic area, the Donghuali, are national grade heritage sites and are both located within the project. The Foshan municipal government's plan is to upgrade the area into a business and commercial zone, focusing on business, culture, and tourism.

Since 2011, the Group has developed and delivered approximately 494,000 sq.m. in GFA, of which 274,000 sq.m. was residential units and 220,000 sq.m. was commercial properties. The high-rise and mid-rise apartments, offering a total GFA of 43,000 sq.m. in Lingnan Tiandi • Park Royale (Lot 6) with 3,000 sq.m. retail portion were launched in the second half of 2013 and RMB225 million was contracted in 2015. The low-rises offering a total GFA of 12,000 sq.m. in Lingnan Tiandi • The Imperial (Lot 16), were launched and delivered in 2015.

Since 2012, residential sales across the entire Foshan market have experienced slowdown due to the Home Purchase Restriction Policies implemented by the local government. The home purchase restriction policies in Foshan have been lifted in May 2015. Since then, we have correspondingly seen a pick-up in sales momentum in Foshan market. In 2015, Foshan's overall transaction volume increased significantly to 14.1 million sq.m. from 11.7 million sq.m. in 2014. Contracted sales of the project in 2015 amounted to RMB935 million, an increase of 47% over RMB637 million in 2014.

In 2015, construction works completed and delivered include NOVA (Lot E), with a GFA of 73,000 sq.m. for retail use and 15,000 sq.m. for office use, as well as Lingnan Tiandi • The Metropolis (Lot 18), a total GFA of 97,000 sq.m. for residential use and 16,000 sq.m. for retail use. The development of Lot E has completed ahead of schedule by two months, enabling the opening of NOVA, a shopping mall positioned as "Young and Trendy". As of December 2015, over 70% of the leasable area has pre-leased.

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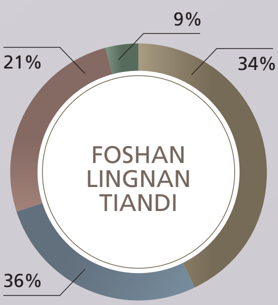
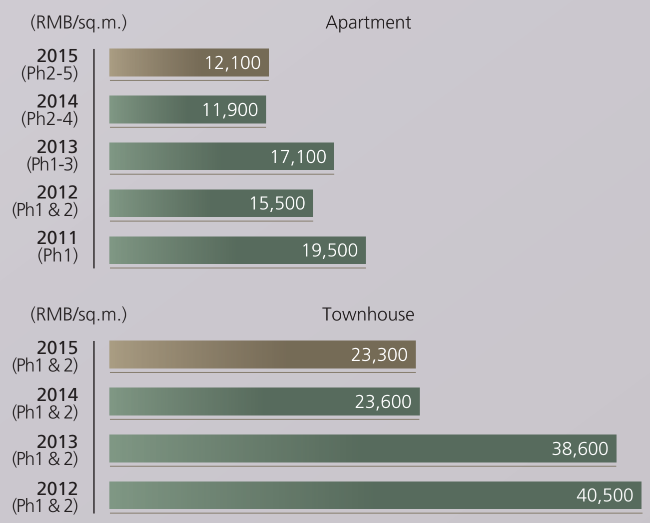


	sq.m.
Residential	441,000
Office	465,000
Retail	273,000
Hotel/ Serviced Apartment	123,000
Total Leasable and Saleable GFA	1,302,000

RESIDENTIAL ASP



The following tables show the usage mix of the project as of 31 December 2015 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	Sub-total GFA sq.m.	Clubhouse, Carpark and other facilities sq.m.	Total GFA sq.m.	Group's interest %
Completed properties								
The Regency Phase 1 (Lot 4)	–	–	–	–	–	7,000	7,000	100.00%
The Legendary Phase 1 (Lot 14)	1,000	–	–	–	1,000	4,000	5,000	100.00%
Lingnan Tiandi Phase 1 (Lot 1 Ph1)	–	–	15,000	–	15,000	2,000	17,000	100.00%
Marco Polo Lingnan Tiandi Foshan Hotel	–	–	15,000	43,000	58,000	19,000	77,000	100.00%
The Regency Phase 2 (Lot 5)	1,000	–	–	–	1,000	10,000	11,000	100.00%
The Legendary Phase 2 (Lot 15)	2,000	–	–	–	2,000	5,000	7,000	100.00%
Lingnan Tiandi Phase 2 (Lot 1 Ph2)	–	–	34,000	–	34,000	2,000	36,000	100.00%
Lot 13b	–	–	–	–	–	6,000	6,000	100.00%
Lingnan Tiandi • Park Royale (Lot 6)	15,000	–	2,000	–	17,000	27,000	44,000	100.00%
Lingnan Tiandi • The Imperial (Lot 16)	10,000	–	1,000	–	11,000	12,000	23,000	100.00%
Lingnan Tiandi • The Metropolis (Lot 18)	34,000	–	16,000	–	50,000	45,000	95,000	100.00%
NOVA (Lot E)	–	15,000	73,000	–	88,000	34,000	122,000	100.00%
Lot 3 Phase1	–	–	1,000	–	1,000	–	1,000	100.00%
Subtotal	63,000	15,000	157,000	43,000	278,000	173,000	451,000	
Properties under development								
Lot E Metro Corridor	–	–	2,000	–	2,000	–	2,000	100.00%
Lot G	–	–	2,000	–	2,000	–	2,000	100.00%
Lingnan Tiandi Phase 3 (Lot 1 Ph3)	–	–	5,000	–	5,000	–	5,000	100.00%
Subtotal	–	–	9,000	–	9,000	–	9,000	
Properties for future development								
Subtotal	378,000	450,000	107,000	80,000	1,015,000	10,000	1,025,000	100.00%
Total	441,000	465,000	273,000	123,000	1,302,000	183,000	1,485,000	

DALIAN

Dalian is a port city in Liaoning Province and also the major gateway for China's northeast region. Endowed with an advantageous coastal location and world class infrastructure, Dalian is an important economic hub of northeast China.

In 2015, Dalian's GDP reached RMB773.2 billion, an increase of 4.2% from a year ago. The amount of Dalian's exports reached USD25.8 billion, and amounts for 51% of the total amount of the whole province.

DALIAN

DALIAN TIANDI

Site location: Dalian Tiandi is an integrated mixed-use development set in the scenic city of Dalian in China's northeast Liaoning Province.

Master-plan: The Dalian Tiandi project envisages a green, highly modern, trendsetting suburban lifestyle community development that is designed to appeal primarily to green living enthusiasts and knowledge workers. Situated at the midpoint of South Lvshun Road Software Industry Belt, Dalian Tiandi extends across a 12.5 kilometres range.

To-date, a total GFA of 207,000 sq.m. has been developed into office space, with tenants including established technology companies such as IBM, Ambow, and Chinasoft, with an additional GFA of 41,000 sq.m. developed into a retail podium. These completed properties are held as investment properties of Dalian Tiandi.

In terms of its residential development, construction of a total GFA of 293,000 sq.m. was completed and 225,000 sq.m. was delivered to the customers as of 31 December 2015. Construction of Lot E02a phase 1, comprising a total GFA of 29,000 sq.m. of residential area in Huangnichuan (Site C of Dalian Tiandi), was completed in 2015. Another total GFA of 128,000 sq.m. (for residential usage) and 69,000 sq.m. (for commercial usage) are presently under construction. The ASPs of contracted sales of villas and residential apartments in Huangnichuan were sold at RMB11,700 per sq.m. and RMB6,900 per sq.m., and RMB9,700 per sq.m. in Hekou Bay (Site A of Dalian Tiandi) respectively in 2015. GFA of 87,000 sq.m. for residential use, 29,000 sq.m. for office spaces, 14,000 sq.m. for retail space and 13,000 sq.m. for service apartments are under construction, which are planned for progressive completion from 2016 to 2018.

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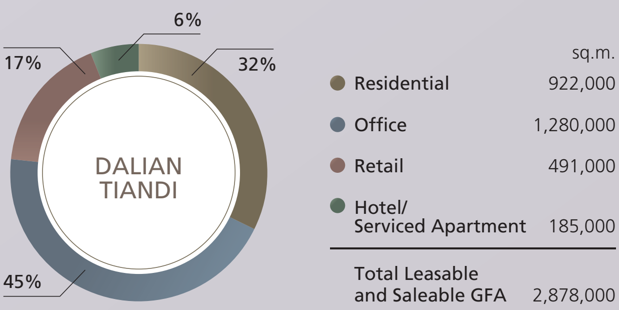
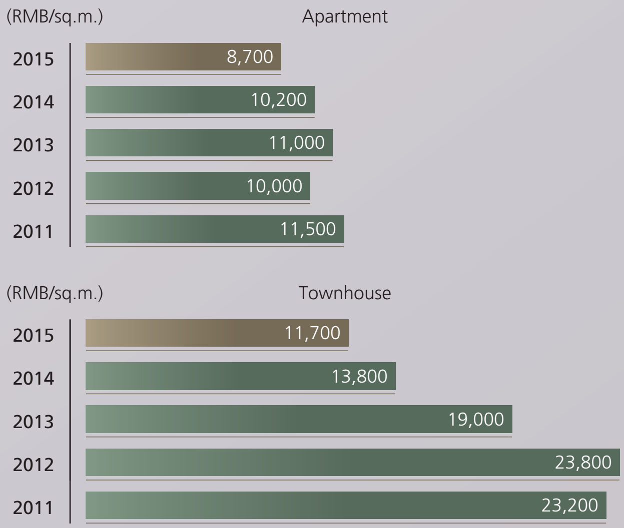


RESIDENTIAL ASP



The following table shows the usage mix of the project as of 31 December 2015 based on the Master-plan:

	Approximate/Estimated leasable and saleable area							
	Residential sq.m.	Office sq.m.	Retail sq.m.	Hotel/ serviced apartment sq.m.	**Sub-total GFA sq.m.**	Clubhouse, Carpark and other facilities sq.m.	**Total GFA sq.m.**	Group's interest %
Completed properties								
Huangnichuan North								
Site D22 (Aspen and Maple Towers)	–	42,000	–	–	**42,000**	15,000	**57,000**	48.00%
Lot B02 (Ambow Training School)	–	113,000	–	–	**113,000**	4,000	**117,000**	48.00%
Site D14 (Acacia and Lynwood Towers)	–	52,000	–	–	**52,000**	10,000	**62,000**	48.00%
Lot E06 (Villas)	13,000	–	–	–	**13,000**	5,000	**18,000**	48.00%
Lot E06 (Mid-/high-rises)	–	–	–	–	–	31,000	**31,000**	48.00%
Lot E29	–	–	–	–	–	11,000	**11,000**	48.00%
Lot C10 (Engineer Apartment)	37,000	–	–	–	**37,000**	9,000	**46,000**	48.00%
Lot D10 (IT Tiandi)	–	–	41,000	–	**41,000**	–	**41,000**	48.00%
Lot C14	–	–	–	–	–	24,000	**24,000**	48.00%
Lot E02a Phase1	18,000	–	–	–	**18,000**	–	**18,000**	33.60%
Hekou Bay								
Lot B09	–	–	–	–	–	17,000	**17,000**	33.60%
Lot B13	–	–	–	–	–	21,000	**21,000**	48.00%
Lot C01	–	–	–	–	–	7,000	**7,000**	33.60%
Subtotal	**68,000**	**207,000**	**41,000**	**–**	**316,000**	**154,000**	**470,000**	
Properties under development								
Huangnichuan North								
Lot D14 (SO5)	–	36,000	–	–	**36,000**	15,000	**51,000**	48.00%
Lot D10 (Hotel)	–	–	–	33,000	**33,000**	22,000	**55,000**	48.00%
Lot C22	21,000	–	–	–	**21,000**	10,000	**31,000**	48.00%
Lot E02a Phase2	60,000	–	–	–	**60,000**	26,000	**86,000**	33.60%
Lot E02b	47,000	–	–	–	**47,000**	14,000	**61,000**	48.00%
other lots	169,000	14,000	18,000	–	**201,000**	93,000	**294,000**	48.00%
Hekou Bay								
Lot B08	18,000	–	13,000	–	**31,000**	5,000	**36,000**	33.60%
Lot B02 (SO)	–	29,000	1,000	–	**30,000**	36,000	**66,000**	48.00%
Lot C03	26,000	–	–	13,000	**39,000**	15,000	**54,000**	33.60%
Lot B10a	43,000	–	–	–	**43,000**	32,000	**75,000**	48.00%
other lots	76,000	127,000	156,000	97,000	**456,000**	52,000	**508,000**	48.00%
Subtotal	**460,000**	**206,000**	**188,000**	**143,000**	**997,000**	**320,000**	**1,317,000**	
Properties for future development[1]								
Subtotal	**394,000**	**867,000**	**262,000**	**42,000**	**1,565,000**	**–**	**1,565,000**	48.00%
Total	922,000	1,280,000	491,000	185,000	2,878,000	474,000	3,352,000	

1 Dalian Tiandi has a landbank of 3.4 miilion sq.m. in GFA. As of 31 December 2015, approximately 3.1 million sq.m. had been acquired. The remaining GFA of approximately 0.3 million sq.m. will be acquired through public bidding in due course.

A YEAR OF GOOD PROGRESS

The commercial properties of the Group are well recognised by the market and investors

For the year ended 31 December 2015, the Group recorded turnover of RMB6,472 million, with property sales and rental and related income from investment properties accounting for RMB4,380 million or 68% and RMB1,612 million or 25%, respectively, of total turnover. RMB424 million of turnover was contributed by the construction business acquired in 2014. The remaining 1%, or RMB56 million, was generated from other businesses.

In addition to the property sales recognised as turnover, the Group also completed RMB7,907 million of property sales being recognised as disposal of equity in subsidiaries mainly for 1 & 2 Corporate Avenue in Shanghai, disposal of hotel properties in THE HUB, turnover of associates and disposal of investment properties. Going forward, the Group will continue to dispose of investment properties and undertake *en-bloc* sales of commercial properties at appropriate time to unlock the value of the Group's commercial properties as well as to increase asset turnover and capital recycling.

Gross profit decreased by 51% to RMB1,689 million in 2015 compared to RMB3,446 million in 2014. Gross profit margin decreased 8 percentage points to 26%, as the turnover recognised in 2015 was mainly contributed by Chongqing and Foshan projects and the newly acquired construction business, which have lower gross profit margins compared to higher contribution from the higher margin property sales of Shanghai Rui Hong Xin Cheng ("RHXC") in 2014.

Contracted property sales of the Group jumped 121% to RMB 21,513 million in 2015 compared to RMB9,750 million in 2014. Residential property sales accounted for 39% and the remaining 61% was contributed by commercial property sales. Average Selling Price ("ASP") increased by 54% to RMB34,100 per sq.m. compared to RMB22,100 per sq.m. in 2014.

In 2015, the Group recorded an increase in fair value in its remaining investment property portfolio, totalling RMB2,970 million. The increase was mainly contributed by the increase in fair value of Shanghai Xintiandi & Xintiandi Style, 3 Corporate Avenue and Shui On Plaza located in the Shanghai Taipingqiao project, which accounted for a total of RMB1,624 million or 55% of total increase in fair value for 2015. The remaining was mainly contributed by the increase in fair value of the completed investment properties located in THE HUB and Shanghai Knowledge and Innovation Community ("KIC"). The total increase represents 6% of the total carrying value of the Group's remaining investment property portfolio at valuation of RMB48,897 million as of 31 December 2015. A total leasable and saleable gross floor area ("GFA") of 1,698,000 square metres ("sq.m.") of investment properties held by the Group was carried at valuation, accounting for 26% of the total landbank of the Group (excluding landbank of Dalian associates) as of 31 December 2015.

In August 2015, the Group divested the 1 & 2 Corporate Avenue in Shanghai Taipingqiao for RMB6,601 million at 37% premium over the carrying value of RMB4,805 million as of 31 December 2014. In December 2015, the Group entered into an agreement to sell 3 Corporate Avenue in Shanghai Taipingqiao for RMB5,700 million. These demonstrate the Group's ability to unlock and realise the value of the assets in accordance with its fine-tuned business strategy. In line with the priority the Group has placed on maximising asset value and returns through the disposal of its mature commercial assets, the Group decided not to pursue near term IPO plans for China Xintiandi ("CXTD"). Under current capital market conditions, the Group believe an IPO is not the most optimal way to realise the full valuation of its CXTD portfolio. Following this decision, the Group has proceeded to integrate the corporate functions of Shui On Land and CXTD. The Group expects the consolidation of these functions to increase efficiency and reduce costs.

Profit for the year was RMB1,767 million in 2015 compared to RMB2,485 million in 2014. Profit attributable to shareholders was RMB788 million in 2015 compared to RMB1,778 million in 2014. A large portion of the decline was attributable to the depreciation of RMB against the Group's USD and HKD denominated debt since January 2015, the Group recorded a loss (both realised and unrealised) of RMB1,310 million in 2015.

Indeed, the Group's core earnings increased significantly by 438% to RMB2,423 million in 2015, from RMB450 million in 2014, backed by the substantial contribution from the disposal of 1 & 2 Corporate Avenue in Shanghai. To unlock the value of its portfolio, the Group will continue to explore opportunities to dispose of its commercial properties.

As of 31 December 2015, total locked-in sales including disposal of commercial properties and contributions from its Dalian associates and Shanghai Taipingqiao Lot 116 joint venture, for delivery in 2016 and beyond, was RMB13,315 million, with a total GFA of 403,000 sq.m..

As of 31 December 2015, the Group's total assets were RMB117,170 million. The Group's total cash and bank deposits were RMB10,614 million and the net gearing ratio was 81%, an increase of 2% over 2014.

PROPERTY SALES

RECOGNISED PROPERTY SALES

For the year 2015, total recognised property sales, including property sales recognised as turnover, disposal of investment properties, disposal of hotel properties, disposal of equity in subsidiaries holding commercial properties and turnover of associates, was RMB12,287 million (after deduction of business tax and other surcharges/taxes, if applicable), representing a decrease of 9%, for a total GFA of 478,190 sq.m.. ASP increased by 5% to RMB27,200 per sq.m.. The changes were mainly due to a change in property sales mix.

Property sales (after deduction of business tax and other surcharges/taxes, if applicable) recognised as turnover decreased by 49% to RMB4,380 million, on a total GFA of 309,890 sq.m.. ASP decreased by 48% to RMB15,000 per sq.m.. The gross profit margin of the recognised property sales as turnover was 11% in 2015 compared to 29% in 2014. The decrease in ASP and gross profit margin were mainly due to changes in the composition of property sales and profit contributions from different projects. For example, property sales (excluding carparks and others) recognised as turnover in 2015 contributed by Shanghai RHXC was only RMB126 million or 3% of the total property sales, compared to RMB5,260 million or 62% of total property sales recognised as turnover in 2014.

Property sales recognised as disposal of equity in subsidiaries holding commercial properties amounting to RMB6,601 million was contributed by the *en-bloc* sales of 1 & 2 Corporate Avenue in Shanghai Taipingqiao with a total GFA of 83,200 sq.m.. Property sales recognised as disposal of hotel properties amounting to RMB910 million was contributed by the *en-bloc* sales of hotel in THE HUB with a total GFA 45,000 sq.m..

Property sales recognised as disposal of investment properties amounting to RMB92 million included the *strata-title commercial property* sales of various street front retail space in Chongqing, Shanghai RHXC and offices in Shanghai KIC with a total GFA of 3,700 sq.m..

Recognised property sales for Dalian Tiandi stood at RMB304 million, and its related profit or loss was recorded in the share of results of associates.

The table below summarises by project the recognised sales (stated after the deduction of business tax of 5% and other surcharges/taxes, if applicable) for 2015 and 2014:

Project	2015 Sales revenue	2015 GFA sold	2015 ASP[1]	2014 Sales revenue	2014 GFA sold	2014 ASP[1]	ASP Growth rate
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
Shanghai Taipingqiao							
1 & 2 Corporate Avenue	6,601	83,200	79,300	–	–	–	–
Langham Xintiandi Hotel	–	–	–	1,641	34,200	50,800	–
THE HUB Hotel	910	45,000	21,400	–	–	–	–
Shanghai RHXC							
Residential	126	2,500	53,400	5,260	115,800	48,100	11%
Retail	14	300	49,500	–	–	–	–
Shanghai KIC							
Office	21	800	27,800	72	2,900	26,300	6%
Residential	8	200	42,400	47	1,400	35,600	19%
KIC Corporate Avenue Office	617	24,500	26,700	101	3,400	31,500	(15%)
Wuhan Tiandi							
2 Corporate Avenue (Lot A2)	883	42,500	22,000	–	–	–	–
Site B Residential	–	–	–	1,263	56,400	23,700	–
Site B Retail	13	290	48,000	–	–	–	–
Chongqing Tiandi							
Residential[2]	1,252	144,900	11,100	1,016	110,100	11,900	(7%)
Office & Retail	96	3,900	26,100	2,297	122,600	19,800	32%
Foshan Lingnan Tiandi							
Townhouses	186	7,900	25,000	96	2,800	36,400	(31%)
Low/mid/high-rises	927	84,800	11,600	326	21,300	16,200	(28%)
Retail	67	1,000	71,100	86	1,400	65,200	9%
Subtotal	11,721	441,790	28,100	12,205	472,300	27,400	3%
Carparks and others	262	–	–	405	–	–	
Dalian Tiandi[3]							
Mid-/high-rises	275	33,900	8,600	799	76,200	11,100	(23%)
Villas	29	2,500	12,300	58	3,900	15,800	(22%)
Total	12,287	478,190	27,200	13,467	552,400	25,800	5%
Recognised as:							
– property sales in turnover of the Group[4]	4,380	309,890	15,000	8,543	313,500	28,900	(48%)
– disposal of investment properties[4]	92	3,700	26,400	2,426	124,600	20,600	28%
– disposal of hotel properties	910	45,000	21,400	–	–	–	–
– disposal of equity in subsidiaries holding commercial properties	6,601	83,200	79,300	1,641	34,200	50,800	56%
– turnover of associates	304	36,400	8,900	857	80,100	11,300	(21%)
Total	12,287	478,190	27,200	13,467	552,400	25,800	5%

1 The calculation of ASP per sq.m. is based on gross sales revenue before the deduction of business tax and other surcharges/taxes.

2 ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.

3 Dalian Tiandi is a project developed by associates of the Group.

4 Sales of commercial properties are recognised as "turnover" if the properties concerned are designated for sale prior to the commencement of development. Sales of commercial properties previously designated as held for capital appreciation or rental income are recognised as "disposal of investment properties".

The master-plan of Shanghai Taipingqiao

CONTRACTED PROPERTY SALES

Contracted property sales of the Group jumped 121% to RMB 21,513 million in 2015 compared to RMB9,750 million in 2014. Residential property sales accounted for 39% and the remaining 61% was contributed by commercial property sales. ASP increased by 54% to RMB34,100 per sq.m. compared to RMB22,100 per sq.m. in 2014.

Contracted property sales from residential properties and carparks (including those from Dalian associates and Shanghai Taipingqiao Lot 116 joint venture) was RMB8,335 million, an increase of 50% over RMB5,544 million in 2014. The increase was mainly due to increased contributions from residential properties sales in Shanghai projects amounting to RMB2,939 million in 2015 compared to RMB1,430 million in 2014. This included the successful new launches of the first batch of The Upper at Shanghai RHXC (Lot 9) and the first batch of Lakeville Luxe at Shanghai Taipingqiao (Lot 116). Sales performances of Wuhan, Chongqing, Foshan and Dalian also picked up, riding on the stimulus policies announced by the Central Government of China, including the relaxation of Home Purchase Restriction Policies in Wuhan, Chongqing, Foshan and Dalian in the first half of 2015. Contracted residential property sales in these four cities increased by 36%, 36%, 47% and 17%, respectively, compared to 2014.

Both ASPs of Shanghai RHXC and Wuhan Tiandi residential apartments increased by 27%, while the ASP of Foshan remained stable compared to last year. ASP of Chongqing decreased for 12% due to higher proportion of contracted sales was generated from the sales of bareshell apartments which were sold at a lower selling price compared to fully furnished apartments and ASP of Dalian decreased by 15% due to sluggish condition in the market.

In 2015, contracted commercial property sales comprising a total GFA of 207,100 sq.m. achieved record sales of RMB13,178 million, an increase of 213% compared to RMB4,206 million in 2014. This included 1 & 2 Corporate Avenue, comprising a total GFA of 83,200 sq.m., which were disposed for RMB6,601 million. 3 Corporate Avenue (Lot 127) comprising an office building with a GFA of 56,000 sq.m., and a retail podium with a GFA of 31,000 sq.m., was disposed in December 2015 for RMB5,700 million. 1 & 2 KIC Corporate Avenue offices at Shanghai KIC was sold to local institutional investors, and various office and retail properties located in Shanghai, Wuhan, Chongqing and Foshan were strata-titled and sold to individual buyers.

In addition to the contracted property sales outlined above, as of 31 December 2015, a total GFA of 66,600 sq.m., amounting to a total value of RMB2,138 million, was subscribed and subject to formal sales and purchase agreements.

The table below provides an analysis by project of contracted sales (stated before the deduction of business tax of 5% and other surcharges/taxes) for 2015 and 2014:

Project	2015 Contracted amount	2015 GFA sold	2015 ASP	2014 Contracted amount	2014 GFA sold	2014 ASP	ASP Growth rate
	RMB' million	sq.m.	RMB per sq.m.	RMB' million	sq.m.	RMB per sq.m.	%
Residential property sales:							
Shanghai Taipingqiao							
Lakeville Luxe (Lot 116)[1]	380	3,000	126,700	–	–	–	–
Shanghai RHXC							
The Upper & The View	2,559	37,200	68,800	1,421	26,300	54,000	27%
Shanghai KIC							
Residential	–	–	–	9	200	45,000	–
Wuhan Tiandi							
Site B Residential	2,027	58,900	34,400	1,489	55,100	27,000	27%
Chongqing Tiandi							
Residential[2]	1,606	186,700	10,500	1,179	121,200	11,900	(12%)
Foshan Lingnan Tiandi							
Low-/mid-/high-rises	835	68,900	12,100	538	45,300	11,900	2%
Townhouses	100	4,300	23,300	99	4,200	23,600	(1%)
Dalian Tiandi[3]							
Mid-/high-rises	548	62,800	8,700	440	43,000	10,200	(15%)
Villas	27	2,300	11,700	51	3,700	13,800	(15%)
Carparks and others	253	–	–	318	–	–	
Subtotal for residential property sales	8,335	424,100	19,700	5,544	299,000	18,500	6%
Commercial property sales:							
Shanghai Taipingqiao							
1 & 2 Corporate Avenue	6,601	83,200	79,300	–	–	–	–
3 Corporate Avenue	5,700	87,300	65,300	–	–	–	–
Langham Xintiandi Hotel	–	–	–	1,739	34,200	50,800	–
Shanghai RHXC							
Retail	65	1,260	51,600	–	–	–	–
THE HUB							
THE HUB Hotel	–	–	–	965	45,000	21,400	–
Shanghai KIC							
Office	43	1,450	29,700	186	6,200	30,000	(1%)
1 & 2 KIC Corporate Avenue (Offices)	601	22,800	26,400	–	–	–	–
Wuhan Tiandi							
Site B Retail	14	290	48,000	–	–	–	–
2 Corporate Avenue (Offices)	–	–	–	939	43,800	21,400	–
Chongqing Tiandi							
Office	27	2,200	12,300	–	–	–	–
Retail	70	2,600	26,900	300	11,700	25,600	5%
Foshan Lingnan Tiandi							
Retail	16	200	80,000	77	1,100	70,000	14%
Kindergarten	41	5,800	7,100	–	–	–	–
Subtotal for commercial property sales	13,178	207,100	63,600	4,206	142,000	29,600	115%
Grand total	21,513	631,200	34,100	9,750	441,000	22,100	54%

1 Shanghai Taipingqiao Lot 116 is a project developed by a joint venture of the Group.

2 ASP of Chongqing residential sales is based on net floor area, a common market practice in the region.

3 Dalian Tiandi is a project developed by associates of the Group.

RESIDENTIAL GFA AVAILABLE FOR SALE AND PRE-SALE IN 2016

The Group has approximately 631,600 sq.m. of residential GFA spanning six projects, available for sale and pre-sale during 2016, as summarised below:

Project		Available for sale and pre-sale in 2016
		GFA in sq.m.
Shanghai Taipingqiao	Lakeville Luxe (Lot 116) (High-rises)	84,600
Shanghai RHXC	The Upper (Lot 9) (High-rises)	48,400
	The Gallery (Lot 2) (High-rises)	103,700
Wuhan Tiandi	La Riva (Lot B14) (Low-/mid-/high-rises)	12,100
	Park View (Lot B5) (High-rises)	37,800
Chongqing Tiandi	The Riviera V (Lot B18) (High-rises)	700
	The Riviera VI (Lot B16) (High-rises)	19,600
	The Riviera VII (Lot B9) (High-rises)	29,900
	The Riviera VIII (Lot B6) (Mid-/high-rises)	110,600
Foshan Lingnan Tiandi	The Legendary II (Lot 15) (Townhouses)	1,300
	Park Royale (Lot 6) (High-rises)	11,800
	The Imperial (Lot 16) (Low-rises)	9,400
	The Metropolis (Lot 18) (High-rises)	18,300
Dalian Tiandi	Huangnichuan (Mid-/high-rises)	62,300
	Huangnichuan (Villas)	10,900
	Hekou Bay (Mid-/high-rises)	56,800
	Hekou Bay (Service Apartments)	13,400
Total		631,600

By way of a cautionary note, the actual market launch dates depend on and will be affected by factors such as construction progress, changes in market environments, and changes in government regulations.

SOHO show flat of Chongqing Tiandi Lake Ville

Show flat of Lakeville Luxe at Shanghai Taipingqiao

PROPERTY DEVELOPMENT PROGRESS

PROPERTY COMPLETED IN 2015 AND DEVELOPMENT PLANS FOR 2016 AND 2017

The table below summarises the projects with construction completed in 2015 and construction work that is planned for completion in 2016 and 2017:

Project	Residential	Office	Retail	Hotel/ serviced apartments	Subtotal	Clubhouse, carpark and other facilities	Total
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Actual delivery in 2015							
Shanghai Taipingqiao	–	56,000	38,000	–	**94,000**	32,000	**126,000**
Shanghai RHXC	–	–	64,000	16,000	**80,000**	23,000	**103,000**
Shanghai KIC	–	5,000	–	–	**5,000**	–	**5,000**
THE HUB	–	11,000	3,000	44,000	**58,000**	4,000	**62,000**
Wuhan Tiandi	–	42,000	–	–	**42,000**	3,000	**45,000**
Chongqing Tiandi	70,000	–	7,000	–	**77,000**	–	**77,000**
Foshan Lingnan Tiandi	97,000	15,000	89,000	–	**201,000**	79,000	**280,000**
Dalian Tiandi[1]	29,000	–	–	–	**29,000**	–	**29,000**
Total	196,000	129,000	201,000	60,000	586,000	141,000	727,000
Planned for delivery in 2016							
Shanghai Taipingqiao	88,000	–	–	–	**88,000**	39,000	**127,000**
Shanghai RHXC	189,000	–	3,000	–	**192,000**	76,000	**268,000**
Shanghai KIC	–	–	–	23,000	**23,000**	–	**23,000**
Wuhan Tiandi	89,000	55,000	114,000	–	**258,000**	148,000	**406,000**
Chongqing Tiandi	133,000	14,000	15,000	–	**162,000**	78,000	**240,000**
Foshan Lingnan Tiandi	–	–	4,000	–	**4,000**	–	**4,000**
Dalian Tiandi[1]	78,000	–	13,000	–	**91,000**	31,000	**122,000**
Total	577,000	69,000	149,000	23,000	818,000	372,000	1,190,000
Planned for delivery in 2017							
Wuhan Tiandi	41,000	–	71,000	–	**112,000**	78,000	**190,000**
Chongqing Tiandi	111,000	–	22,000	–	**133,000**	53,000	**186,000**
Foshan Lingnan Tiandi	–	–	5,000	–	**5,000**	–	**5,000**
Dalian Tiandi[1]	26,000	29,000	1,000	13,000	**69,000**	51,000	**120,000**
Total	178,000	29,000	99,000	13,000	319,000	182,000	501,000

1 Dalian Tiandi is a project developed by associates of the Group.

By way of a cautionary note, the actual completion date depends on and will be affected by construction progress, changes in the market environments, changes in government regulations and other factors.

THE FOLLOWING SECTION PROVIDES FURTHER DETAILS OF THE DEVELOPMENT PROGRESS AND COMPLETION OF EACH OF THE PROJECTS LOCATED IN SHANGHAI, WUHAN, CHONGQING, FOSHAN AND DALIAN

SHANGHAI TAIPINGQIAO

Comprising a total GFA of 87,000 sq.m., 3 Corporate Avenue comprises a Grade A office building with a GFA of 56,000 sq.m. and a 31,000 sq.m. high-end shopping mall completed in the first half of 2015. Construction work on Lakeville Luxe (Lot 116) with a total GFA of 88,000 sq.m. commenced in the second half of 2014 ("2H 2014") and the first batch of pre-sales launched in December 2015. The development is planned to be completed progressively from late 2016.

SHANGHAI RHXC

The Upper (Lot 9), with a total GFA of 85,000 sq.m. of residential apartments and 2,000 sq.m. of ancillary retail, commenced construction in 2H 2014 and the first batch units were launched for pre-sale in October 2015. The second batch of units were pre-sold in the first quarter of 2016. The development is scheduled for completion in 2016. The Gallery (Lot 2), with a total GFA of 104,000 sq.m. of residential and 1,000 sq.m. of ancillary retail, is scheduled to be launched for pre-sale starting from the first half of 2016 and is scheduled for completion from late 2016. Hall of the Moon (Ruihong Tiandi Lot 3) with a total GFA of 80,000 sq.m. was completed in December 2015. Its opening is planned for late 2016.

SHANGHAI KIC

A GFA of 5,000 sq.m. of office was completed in 2015. A hotel building located at Lot 311 with a total GFA of 23,000 sq.m. is under construction and is scheduled for completion in 2016.

THE HUB

Construction works of a 5-Star hotel of a total GFA of 44,000 sq.m. and a performance and exhibition centre of 14,000 sq.m. were completed in 2015. The hotel was sold for a consideration of RMB965 million in 2014 and the transaction was completed in 2015.

WUHAN TIANDI

2 Corporate Avenue (Lot A2) at Wuhan Tiandi, comprising a total GFA of 42,500 sq.m., was completed and delivered in 2015. Construction of HORIZON, the shopping mall at Lots A1/A2/A3 with a total GFA of 114,000 sq.m. and 3 Corporate Avenue (Lot A3), with a total GFA of 55,000 sq.m. of office, are under construction and are scheduled for completion in 2016. Construction work for the residential development at La Riva (Lot B14) at Wuhan Tiandi, which has a total GFA of 89,000 sq.m., commenced in 2014 and is planned for completion in 2016.

Construction work of Park View (Lot B5) for a total GFA of 41,000 sq.m. of residential apartments commenced in 2015 and is scheduled for completion in 2017. Park Place (Lot B4/5 Retail) with a total GFA of 71,000 sq.m. of retail, also commenced construction in 2015 and is planned for completion in 2017.

CHONGQING TIANDI

The Riviera VI stage 1 (Lot B16 stage 1), with a GFA of 70,000 sq.m. of residential apartments and 7,000 sq.m. of ancillary retail was completed in 2015. The Riviera VI stage 2 (Lot B16 stage 2) and The Riviera VII (Lot B9), with an aggregated GFA of 162,000 sq.m., are currently under construction and are scheduled for completion in 2016. The Riviera VIII (Lot B6) with a total GFA of 125,000 sq.m. commenced construction in 2015 and is scheduled for completion in 2017.

FOSHAN LINGNAN TIANDI

Construction work for a total GFA of 97,000 sq.m. of residential and 16,000 sq.m. of retail at The Metropolis (Lot 18) was completed in 2015. Construction work at NOVA shopping mall at Lot E with a GFA of 73,000 sq.m. of retail and 15,000 sq.m. of office was completed in 2015. It is planned for opening in late 2016.

DALIAN TIANDI

At Huangnichuan (Site C of Dalian Tiandi), construction of Lot E02a Phase 1 for a total GFA of 29,000 sq.m. was completed in 2015, with the remaining 60,000 sq.m. under construction scheduled for completion in 2016. At Hekou Bay (Site A of Dalian Tiandi), a total GFA of 87,000 sq.m. of residential, 29,000 sq.m. of office, 14,000 sq.m. of retail and 13,000 sq.m. of service apartments are under construction. They are planned for progressive completion from 2016 to 2018.

By way of a cautionary note, the actual completion date depends on and will be affected by construction progress, changes in market environments, changes in government regulations and other factors. The Group plans its project construction in advance while adapting to government policy changes, as well as implemented operational tactics to enhance turnover and increase development efficiency. The Group will nevertheless, adjust the progress of construction, delivery plan and launch schedules, in accordance with the sales conditions of each project, and with respect to the rapid changing market conditions.

INVESTMENT PROPERTY

Rental and related income from investment properties increased by 2% to RMB1,612 million in 2015. Excluding the income from hotel operations, the sum of RMB1,539 million was generated by rental and related income from the investment properties, representing an annual growth rate of 20%. The increase reflected continued leasing progress made at the progressively commenced operations of THE HUB in Shanghai Hongqiao Transportation Hub, and rental growth from the existing completed investment property portfolio.

Occupancy levels of the office property portfolio increased significantly, driven by leasing activity at the office properties of 5, 6 and 7 KIC Corporate Avenue, and THE HUB, reflecting progresses made following their completion and transferred to the completed investment property portfolio in late 2014. In particular, at THE HUB, the combined occupancy rate of the four office towers has reached 80% as of 31 December 2015. New leases executed during the second half of 2015 include Wizwork, Messer, Yi Shang and Jiangsu GMO Hi-Tech, Siding Fund Management and Goodbaby. These tenants joined other well-known corporate tenants such as Acer, Sherwin Williams, Shell, HSBC, Roche Diagnostics, Prosnav, Grundfos and Keyence.

Occupancy levels of the completed retail portfolio also increased, led by robust leasing activities at Hall of the Stars (Ruihong Tiandi Lot 6), 5, 6 and 7 KIC Corporate Avenue, and

THE HUB. Occupancy rates of these properties had reached 96%, 74% and 69% respectively and tenants have been moving in since the late 2014 with majority commencing operations in 2015. At THE HUB, the shopping mall with a total leasable GFA of 107,000 sq.m. is planned for and accommodates over 200 shops. Anchor tenants include H&M, GAP, Muji, Emperor UA Cinema and Food Republic Food Court. The shopping mall offers a wide variety of tenants mix with many brands making their first appearance in China or Shanghai including Emperor UA IMAX Cinema (the only IMAX theatre in Hongqiao CBD), Imperial Treasure Super Peking Duck (One of Asian's Top 50 restaurants), Yanjiyou Bookstore (first flagship shop in Shanghai), and the like. Occupancy rate reached 76% as of 31 December 2015, following the soft-opening on 23 September 2015, and an official opening ceremony was held in December 2015.

A total leasable GFA of 236,000 sq.m., representing 17% of total leasable GFA as of 31 December 2015 of the completed investment properties including, 3 Corporate Avenue and THE HOUSE at Shanghai Taipingqiao project, an office building at Shanghai KIC, Hall of the Moon at Shanghai RHXC and NOVA at Foshan Lingnan Tiandi, was newly completed in 2015 and planned for opening in 2016. We expect more rental and related income will be contributed by these newly completed commercial properties in 2016, except 3 Corporate Avenue which was disposed at RMB5,700 million in December 2015 for delivery in 2016.

Rental income and the related profit or loss from investment properties located in Dalian Tiandi was recorded in the share of results of associates.

The table below provides an analysis of the rental and related income from investment properties for 2015, 2014 and 2013 and the percentage of leases in GFA by property with lease expiring from 2016 to 2018:

Project	Product	Leasable GFA	Rental & related income RMB'million			Year on year change		Leases expire in % of GFA		
		sq.m.	2015	2014	2013	2015	2014	2016	2017	2018
Shanghai Taipingqiao										
Shanghai Xintiandi	Office/Retail	54,000	**302**	297	295	**2%**	1%	**26%**	**17%**	**30%**
Xintiandi Style	Retail	26,000	**82**	69	58	**19%**	19%	**26%**	**33%**	**21%**
1 & 2 Corporate Avenue[1]	Office/Retail	83,000	**177**	253	245	**(30%)**	3%	–	–	–
3 Corporate Avenue	Office/Retail	87,000	**76**	–	–	–	–	–	–	**60%**
Shui On Plaza[2]	Office/Retail	52,000	**146**	126	124	**16%**	2%	**8%**	**74%**	**18%**
Langham Xintiandi Hotel Retail Portion[3]	Retail	–	–	14	15	–	(7%)	–	–	–
THE HUB										
Office Towers 1,2,3 & 5	Office/Retail	94,000	**139**	39	–	**256%**	–	**2%**	**9%**	**14%**
The Mall & Xintiandi	Retail	129,000	**47**	–	–	–	–	**0%**	**0%**	**10%**
Shanghai RHXC[4]	Retail	65,000	**73**	65	58	**12%**	12%	**13%**	**18%**	**7%**
Shanghai KIC[2]	Office/Retail	219,000	**270**	219	190	**23%**	15%	**22%**	**18%**	**28%**
Hangzhou Xihu Tiandi[3]	Retail	–	–	8	17		–	–	–	–
Wuhan Tiandi	Retail	46,000	**92**	74	60	**24%**	23%	**28%**	**14%**	**19%**
Chongqing Tiandi	Retail	134,000	**40**	33	21	**21%**	57%	**4%**	**3%**	**11%**
Foshan Lingnan Tiandi	Retail	137,000	**95**	81	68	**17%**	19%	**8%**	**8%**	**9%**
Total		1,126,000[4]	1,539	1,278	1,151	20%	11%	12%	16%	20%

1 1 & 2 Corporate Avenue were disposed on 31 August 2015 and therefore only eight months rental and related income was reflected.

2 A total GFA of 14,000 sq.m. was occupied as offices by the Group. They are located at Shanghai Shui On Plaza (8,000 sq.m.) and Shanghai KIC (6,000 sq.m.).

3 Shanghai Langham Xintiandi Hotel Retail Portion and Hangzhou Xihu Tiandi were disposed in 2014 and were excluded from leasable GFA calculation in this table.

4 Hall of the Moon at Shanghai RHXC with a total GFA of 64,000 sq.m. was newly completed in December 2015. It is currently under pre-leasing for opening of operation in late 2016. It is not included in this table for comparison because there was no contribution to rental and related income in 2015.

The table below summarises the portfolio of completed investment properties together with their respective occupancy rates:

Project	Leasable GFA (sq.m.)			Occupancy rate		
	Office	Retail	Total	31 December 2015	31 December 2014	Group's interest
Completed before 2015						
Shanghai Taipingqiao						
Shanghai Xintiandi	4,000	43,000	47,000	99%	98%	**78.11%**
Xintiandi Style	–	26,000	26,000	99%	96%	**77.33%**
Shanghai Shui On Plaza	32,000	28,000	60,000	96%	100%	**62.49%**[1]
Shanghai RHXC						
The Palette 1, 2, 3 and 5	–	46,000	46,000	96%	100%	**99.00%**[2]
Hall of the Stars (Ruihong Tiandi Lot 6)	–	19,000	19,000	96%	N/A	**99.00%**
Shanghai KIC						
1-3 and 5-12 KIC Plaza	95,000	42,000	137,000	94%	94%	**86.80%**
KIC Village R1 and R2	11,000	11,000	22,000	98%	98%	**86.80%**
5,6 and 7 KIC Corporate Avenue	53,000	8,000	61,000	74%	N/A	**99.00%**
THE HUB						
Office Towers 1, 2, 3 & 5	91,000	3,000	94,000	80%	N/A	**78.11%**
The Mall and Xintiandi	–	129,000	129,000	69%	N/A	**78.11%**
Wuhan Tiandi						
Wuhan Xintiandi	–	46,000	46,000	97%	95%	**78.11%**
Chongqing Tiandi						
The Riviera I, II & III	–	6,000	6,000	88%	73%	**99.00%**
Chongqing Tiandi (Lot B3/01)	–	49,000	49,000	63%	67%	**99.00%**
2 Corporate Avenue Retail	–	11,000	11,000	100%	100%	**99.00%**
6, 7 and 8 Corporate Avenue Retail	–	68,000	68,000	76%	58%	**99.00%**
Foshan Lingnan Tiandi						
Lingnan Tiandi (Phase 1 & 2)	–	49,000	49,000	85%	62%	**100.00%**
Shui On New Plaza (Lot D retail podium)	–	15,000	15,000	2%	2%	**100.00%**
Dalian Tiandi						
Aspen and Maple Towers (Site D22)	42,000	–	42,000	79%	80%	**48.00%**
Acacia and Lynwood Towers (Site D14)	52,000	–	52,000	77%	77%	**48.00%**
Ambow (Training School)	113,000	–	113,000	100%	100%	**48.00%**
IT Tianddi (D10 Retail)	–	41,000	41,000	59%	56%	**48.00%**
Subtotal	**493,000**	**640,000**	**1,133,000**			
New completions in 2015						
Shanghai Taipingqiao						
3 Corporate Avenue	56,000	31,000	87,000			**77.33%**
THE HOUSE	–	7,000	7,000			**78.11%**
Shanghai RHXC						
Hall of the Moon (Rui Hong Tiandi Lot 3)	–	64,000	64,000			**99.00%**
Shanghai KIC						
KIC Village 12-8	5,000	–	5,000			**86.80%**
Foshan Lingnan Tiandi						
NOVA	–	73,000	73,000			**100.00%**
Subtotal	**61,000**	**175,000**	**236,000**			
As of 31 December 2015, investment properties held by:						
– Subsidiaries of the Group	347,000	774,000	1,121,000			
– Associated companies	207,000	41,000	248,000			
Total leasable GFA as of 31 December 2015	554,000	815,000	1,369,000[3]			
Total leasable GFA as of 31 December 2014	514,000	635,000	1,149,000[3]			

1 The Group has a 62.49% interest in Shui On Plaza, except for an additional GFA of 2,000 sq.m. acquired in 2015, which the Group has an effective interest of 78.11% .

2 The Group has 99.0% in The Platte 2, 3 & 5 and 100% interest in The Platte 1.

3 Self-use properties are classified as property, plant and equipment in the consolidated statement of financial position.

The table below summarises the carrying value of the remaining investment properties at valuation as of 31 December 2015 together with the change in fair value for 2015:

Project	Leasable GFA	Increase/(decrease) in fair value for 2015	Carrying value as of 31 December 2015	Carrying value per GFA	Valuation gain/(loss) to carrying value
	sq.m.	RMB'million	RMB'million	RMB per sq.m.	%
Completed investment properties at valuation					
Shanghai Taipingqiao					
Shanghai Xintiandi	54,000	493	5,242	97,100	9%
Xintiandi Style	26,000	90	1,924	74,000	5%
Shui On Plaza	52,000	363	3,481	66,900	10%
THE HUB	223,000	446	8,445	37,900	5%
Shanghai RHXC	145,000	98	4,290	29,600	2%
Shanghai KIC	219,000	518	6,612	30,200	8%
Wuhan Tiandi	46,000	136	1,645	35,800	8%
Chongqing Tiandi	134,000	(76)	1,820	13,600	(4%)
Foshan Lingnan Tiandi	137,000	55	4,102	29,900	1%
Subtotal	**1,036,000**	**2,123**	**37,561**	**36,300**	**6%**
Assets classified as held for sale					
Shanghai Taipingqiao					
3 Corporate Avenue	**87,000**	**678**	**5,700**	**65,500**	**12%**
Investment properties under development at valuation					
Wuhan Tiandi	185,000	147	3,653	19,700	4%
Chongqing Tiandi	388,000	15	1,949	5,000	1%
Foshan Lingnan Tiandi	2,000	7	34	17,000	21%
Subtotal	**575,000**	**169**	**5,636**	**9,800**	**3%**
Total of the remaining investment properties at valuation	1,698,000	2,970	48,897	28,800	6%

Note:

Hotels and self-use properties are classified as property, plant and equipment in the consolidated statement of financial position, and leasable GFA of which is excluded from this table.

The carrying value of the completed investment properties (excluding hotels and self-use properties) with a total GFA of 1,036,000 sq.m., was RMB37,561 million as of 31 December 2015. Of this sum, RMB2,123 million (representing 6% of the carrying value) arose from increased fair value during 2015. Contributing factors included an increase in rental and related income generated from the existing completed investment properties portfolio, and the progressively commenced operations of THE HUB. The properties located in Shanghai, Wuhan, Chongqing and Foshan, respectively contributed 80%, 4%, 5% and 11% of the carrying value.

The carrying value of the investment properties under development at valuation for a total GFA of 575,000 sq.m. was RMB5,636 million as of 31 December 2015. Of this sum, RMB169 million (representing 3% of the carrying value) arose from increased fair value during 2015. The increase was mainly due to accelerated construction work on the HORIZON (retail podium at Lots A1/A2/A3) and retail mall at Lot B4/5 in Wuhan Tiandi, which was planned for progressive completion from 2016 to 2017.

Except for the above mentioned investment properties at valuation, the carrying value of the remaining commercial-use landbank was stated at cost of RMB12,403 million.

Rendering of Ruihong Tiandi – Hall of the Moon

As of 31 December 2015, the Group's landbank, including the contribution of its Dalian associates, stood at a total GFA of 11.8 million sq.m. (comprising 9.4 million sq.m. of leasable and saleable area, and 2.4 million sq.m. for clubhouses, car parking spaces and other facilities) spread across eight development projects located in the prime areas of five major PRC cities: namely Shanghai, Wuhan, Chongqing, Foshan and Dalian.

Of the total leasable and saleable GFA of 9.4 million sq.m., the sum of 1.6 million sq.m. was completed, and held for sale and/or investment. Approximately 3.4 million sq.m. was under development, and the remaining 4.4 million sq.m. was held for future development.

RELOCATION OF SHANGHAI TAIPINGQIAO AND RHXC

The relocation of RHXC Lots 10, 1 & 7 is in progress. 99%, 96% and 94% of residents in Lot 10, Lot 1 and Lot 7, have signed relocation agreements respectively as of 31 December 2015. Lots 1 and 7 will be developed into high-end residential apartments and Lot 10 will be developed into a commercial complex with two Grade-A office buildings and a shopping mall. As of 31 December 2015, a total amount of RMB10,124 million had been paid. The estimated outstanding relocation cost of RMB1,400 million is estimated to be paid progressively in 2016 and 2017. The relocation of these three sites is planned to be completed from 2016 to 2017.

The relocation of Taipingqiao Lot 118 started in the fourth quarter of 2014 and 97% of residents had signed relocation agreement as of 31 December 2015. As of 31 December 2015, relocation cost of RMB4,200 million had been paid. The estimated outstanding relocation cost of RMB1,100 million is estimated to be paid progressively in 2016 and 2017. Lot 118 is planned to be developed into a high-end residential apartments.

Relocation plans and the timetable for the remaining 416,000 sq.m. and 230,000 sq.m. of GFA located at Shanghai Taipingqiao and RHXC, respectively, have yet to be determined. The relocation plans of these sites are subject to final proposal and agreement terms among relevant parties.

Details of the relocation progress for the respective lots are provided below:

Project	Percentage of relocation as of 31 December 2015	Leasable and saleable GFA	Relocation cost paid as of 31 December 2015	Estimated outstanding relocation cost as of 31 December 2015	Estimated relocation completion year
		sq.m.	RMB'million	RMB'million	
RHXC Lot 10	99%	329,000	2,571	360	2016
RHXC Lot 1 (Residential)	96%	110,000	3,778	520	2016-2017
RHXC Lot 7 (Residential)	94%	160,000	3,775	520	2017
Taipingqiao Lot 118 (Residential)	97%	80,000	4,200	1,100	2016-2017
Total		679,000	14,324	2,500	

By way of a cautionary note, the actual completion date and relocation cost of the abovementioned sites depends on and will be affected by changes in government regulations, negotiations with relevant parties and other factors. The above represents the best estimates as of the reporting period.

The Group's total landbank as of 31 December 2015, including that of its associates, is summarised below:

	Approximate/Estimated leasable and saleable GFA							
Project	Residential	Office	Retail	Hotel/ serviced apartments	**Subtotal**	Clubhouse, carpark and other facilities	**Total**	Group's interest
	sq.m.	sq.m.	sq.m.	sq.m.	**sq.m.**	sq.m.	**sq.m.**	%
Completed properties:								
Shanghai Taipingqiao	–	92,000	135,000	–	**227,000**	92,000	**319,000**	99.00%[1]
Shanghai RHXC	–	–	129,000	16,000	**145,000**	96,000	**241,000**	100.00%[2]
Shanghai KIC	–	169,000	64,000	–	**233,000**	158,000	**391,000**	86.80%[3]
THE HUB	–	102,000	135,000	–	**237,000**	102,000	**339,000**	78.11%
Wuhan Tiandi	–	–	46,000	–	**46,000**	25,000	**71,000**	78.11%
Chongqing Tiandi	22,000	–	145,000	–	**167,000**	169,000	**336,000**	99.00%
Foshan Lingnan Tiandi	63,000	15,000	157,000	43,000	**278,000**	173,000	**451,000**	100.00%
Dalian Tiandi	68,000	207,000	41,000	–	**316,000**	154,000	**470,000**	48.00%[4]
Subtotal	**153,000**	**585,000**	**852,000**	**59,000**	**1,649,000**	**969,000**	**2,618,000**	
Properties under development:								
Shanghai Taipingqiao	168,000	–	–	–	**168,000**	39,000	**207,000**	99.00%[1]
Shanghai RHXC	457,000	148,000	186,000	–	**791,000**	202,000	**993,000**	99.00%
Shanghai KIC	–	–	–	23,000	**23,000**	–	**23,000**	99.00%
Wuhan Tiandi	130,000	187,000	185,000	45,000	**547,000**	243,000	**790,000**	100.00%
Chongqing Tiandi	383,000	291,000	151,000	25,000	**850,000**	309,000	**1,159,000**	99.00%
Foshan Lingnan Tiandi	–	–	9,000	–	**9,000**	–	**9,000**	100.00%
Dalian Tiandi	460,000	206,000	188,000	143,000	**997,000**	320,000	**1,317,000**	48.00%[4]
Subtotal	**1,598,000**	**832,000**	**719,000**	**236,000**	**3,385,000**	**1,113,000**	**4,498,000**	
Properties for future development:								
Shanghai Taipingqiao	86,000	174,000	118,000	38,000	**416,000**	44,000	**460,000**	99.00%
Shanghai RHXC	83,000	69,000	78,000	–	**230,000**	2,000	**232,000**	100.00%
Wuhan Tiandi	243,000	166,000	91,000	7,000	**507,000**	4,000	**511,000**	100.00%
Chongqing Tiandi	315,000	143,000	160,000	50,000	**668,000**	212,000	**880,000**	99.00%
Foshan Lingnan Tiandi	378,000	450,000	107,000	80,000	**1,015,000**	10,000	**1,025,000**	100.00%
Dalian Tiandi[5]	394,000	867,000	262,000	42,000	**1,565,000**	–	**1,565,000**	48.00%[4]
Subtotal	**1,499,000**	**1,869,000**	**816,000**	**217,000**	**4,401,000**	**272,000**	**4,673,000**	
Total landbank GFA	3,250,000	3,286,000	2,387,000	512,000	9,435,000	2,354,000	11,789,000	

1 The Group has a 99.0% interest in all the remaining lots, except for Shanghai Xintiandi, Casa Lakeville, Xintiandi Style, 3 Corporate Avenue, Shui On Plaza and Lot 116, in which the Group has an effective interest of 78.11%, 77.33%, 77.33%, 77.33%, 62.49% and 39.0656%, respectively. The Group acquired an additional GFA of 2,000 sq.m. in Shui On Plaza in 2015 in which the Group has an effective interest of 78.11%. In addition, after the initial completion of the exercise of Sale Option and Purchase Option pursuant to the JV Agreement which occurred in 19 January 2016, the Group has a 56.7456% interest in Lot 116.

2 The Group has a 100.0% effective interest in RHXC Phase 1, Lot 167A and Lot 167B and 99.0% interest in all remaining phases.

3 The Group has an 86.8% interest in all the remaining lots, except for KIC Lot 311 in which the Group has an effective interest of 99.0%.

4 The Group has a 48.0% effective interest in Dalian Tiandi, except for Lots C01, C03, B08, B09 and E02a in which the Group has a 33.6% effective interest.

5 Dalian Tiandi is expected to have a landbank of 3.4 million in GFA. As of 31 December 2015, approximately 3.1 million sq.m. had been acquired. The remaining GFA of approximately 0.3 million sq.m. is expected to be acquired through public bidding in due course.

FINANCIAL REVIEW

THE HUB is taking shape and its occupancy rate has reached 74%

Group turnover decreased by 37% to RMB6,472 million in 2015 (2014: RMB10,249 million), primarily due to lower recognised property sales during the year, which was partially offset by higher rental and related income and construction income for the year.

For 2015, *Property sales* decreased by 49% to RMB4,380 million (2014: RMB8,543 million), as a result of fewer properties delivered, especially from our Shanghai projects. Properties sales of our Shanghai projects, including Shanghai RHXC, decreased to RMB811 million during the year (2014: RMB5,568 million). The decrease was partially offset by higher properties sales of our Chongqing and Foshan projects, which increased to RMB2,565 million (2014: RMB1,622 million). Total area handed over to buyers maintained around 309,890 sq.m. (2014: 313,500 sq.m.) while ASP decreased by 48% to RMB15,000 per sq.m.. Details of property sales during the year ended 31 December 2015 are contained in the paragraph titled "Property Sales" in the Business Review Section.

Income from property investment of the Group rose marginally by 2% to RMB1,612 million (2014: RMB1,578 million). Rental and *related income* from investment properties increased to RMB1,539 million (2014: RMB1,278 million), principally due to higher rental income from existing completed investment properties, in particular for Shanghai Taipingqiao, Shanghai KIC and Wuhan Tiandi, and also from the completion of new investment properties in Shanghai Taipingqiao 3 Corporate Avenue and Foshan Lingnan Tiandi, and also from the progressively commenced operations of THE HUB. *Income from hotel operations* decreased to RMB73 million for the year under review (2014: RMB300 million) as a result of the disposal of Shanghai Langham Xintiandi Hotel in the fourth quarter of 2014. Details on the business performance of investment properties are contained in the paragraph titled "Investment Property" in the Business Review Section.

Construction income generated by our newly acquired construction business, which started revenue contribution in October 2014, reached RMB424 million for the year ended 31 December 2015 (2014: RMB84 million).

Gross profit for 2015 decreased by 51% to RMB1,689 million (2014: RMB3,446 million), with a lower gross profit margin of 26% (2014: 34%). The lower gross profit margin was due to lower margins contributed from Chongqing and Foshan development and the newly acquired construction business, compared with higher profit contribution from the property sales of Shanghai RHXC in 2014.

Other income increased by 26% to RMB437 million (2014: RMB348 million), which comprised interest income of RMB302 million (2014: RMB308 million) and grants received from PRC government of RMB109 million (2014: RMB3 million).

Selling and marketing expenses for 2015 decreased by 10% to RMB227 million (2014: RMB253 million) while contracted sales achieved by the Group (excluding sales by Dalian associates and Shanghai Taipingqiao Lot 116 joint venture, and *en-bloc* sales) increased by 36% to RMB7,656 million (2014: RMB5,616 million). The decrease in selling and marketing expenses in 2015 was related to lower sales commission and marketing expenses incurred.

General and administrative expenses for 2015 decreased by 8% to RMB899million (2014: RMB981 million). The decrease was attributable to the elimination of expenses incurred for the establishment of the fully integrated asset management platform of CXTD Holding, and advisory and consulting costs incurred for the preparation works for its spin-off in 2014.

As a result of the above, *Operating profit* significantly decreased by 61% to RMB1,000 million for 2015 (2014: RMB2,560 million).

Gain on investment properties disposed of represented the gain of 1 & 2 Corporate Avenue located in Shanghai Taipingqiao project disposed during the year.

Increase in fair value of the remaining investment properties amounted to RMB2,970 million for 2015 (2014: RMB2,978 million), of which RMB2,430 million (2014: RMB884 million) was derived from completed investment properties and RMB540 million (2014: RMB2,094 million) from investment properties under construction or development. The increase in fair value was mainly contributed by our completed properties in Shanghai Taipingqiao, THE HUB and Shanghai KIC projects. The paragraph titled "Investment Property" in the Business Review Section offers a detailed description of these properties.

For 2015, *Other gains and losses* amounted to a loss of RMB123 million (2014: RMB26 million), of which RMB439 million (2014: RMB160 million) of the losses were due to rental guarantee arrangements for previously sold commercial properties in Chongqing Tiandi, which was partially offset by a RMB450 million (2014: nil) fair value gain of an option to buy back an investment property in Shanghai Taipingiao project.

Share of losses of associates and joint ventures was RMB314 million in 2015 (2014: RMB173 million), which included an impairment loss on the investment properties and properties under development for sale (net of related taxes) amounting to RMB149 million (2014: RMB119 million) attributable to the Group.

Finance costs, inclusive of exchange differences for 2015 increased by 184% to RMB2,619 million (2014: RMB921 million). Total interest costs for 2015 increased to RMB3,579 million (2014: RMB3,474 million). Of these interest costs, 61% (2014: 77%) or RMB2,185 million (2014: RMB2,676 million) were capitalised as cost of property development, with the remaining 39% (2014: 23%) interest relating to mortgage loans on completed properties and borrowings for general working capital purposes accounted for expenses. A significant exchange loss of RMB1,156 million (2014: RMB34 million) was recorded during 2015. This was due to the depreciation of RMB against HKD and USD in 2015, which mainly came from our HKD and USD bank borrowings and senior notes.

For 2015, *Profit before taxation* slightly decreased by 7% to RMB4,088 million (2014: RMB4,418 million), due to the abovementioned factors.

Taxation increased by 20% to RMB2,321 million for 2015 (2014: RMB1,933 million). The effective tax rate for the year 2015 was 51.6% (2014: 32.2%). The increase in effective tax rate resulted from the increase in exchange loss and interest expenses from offshore borrowings that were not deductible in the PRC. Land appreciation tax was levied at progressing rates ranging from 30 percent to 60 percent on the appreciation value, being the proceeds of properties sales less deductible expenditure including costs of land, development and construction.

Profit attributable to shareholders of the Company for 2015 was RMB788 million, a decrease of 56% when compared to 2014 (2014: RMB1,778 million). If stripping out the impacts of an exchange loss of RMB1,156 million and RMB154 million fair value loss of cross currency swaps arising from devaluation of RMB since January 2015, 2015 profit attributable to shareholders would have amounted to RMB2,098 million, representing an 18% increase compared with 2014. Return on equity for 2015 was 2.1% (2014: 4.8%), which was calculated based on profit attributable to shareholders for the year, divided by the average of shareholders' equity at the beginning and closing of the year.

Core earnings of the Group were as follows:

	2015 RMB'million	2014 RMB'million	Change %
Profit attributable to shareholders of the Company	788	1,778	(56%)
Increase in fair value of the remaining investment properties	(2,970)	(2,978)	
Effect of corresponding deferred tax charges	743	745	
Realised fair value gains of investment properties disposed	2,944	256	
Share of results of associates			
Fair value losses of investment properties	75	111	
Effect of corresponding deferred tax charges	(19)	(28)	
	773	(1,894)	141%
Non-controlling interests	311	31	
Net effect of changes in the valuation of investment properties	1,084	(1,863)	158%
Profit attributable to shareholders of the Company before revaluation of the remaining investment properties	1,872	(85)	
Add:			
Profit attributable to owners of perpetual capital securities	316	311	2%
Profit attributable to owners of convertible perpetual securities	174	224	(22%)
Profit attributable to owners of convertible perpetual capital securities	61	–	–
Core earnings of the Group	2,423	450	438%

Earnings per share was RMB0.10 for 2015 (2014: RMB0.22), which was calculated based on a weighted average of approximately 8,002 million shares (2014: 8,002 million shares) in issue during the year ended 31 December 2015.

Dividends payable to shareholders of the Company have to comply with certain covenants under the senior notes and perpetual capital securities as follows:

- Dividends payable to the shareholders of the Company (together with any redemption, repurchase or acquisition of the Company's shares) should not exceed 20% of the Company's consolidated profit for the then most recent two semi-annual periods prior to payment of the dividend, unless certain conditions pursuant to the terms of the senior notes have been met.
- In the case where the Company opts to defer the payment of coupons to the owners of perpetual capital securities, no dividend payments should be made to the shareholders of the Company unless all coupons so deferred have been paid in full.

The Board has resolved to recommend the payment of a 2015 final dividend of HKD0.028 per share (2014: HKD0.04 per share) to the shareholders of the Company.

Together with the 2015 interim dividend of HKD0.022 per share (2014: HKD0.022 per share) paid in September 2015 amounting to RMB146 million, the total dividend for 2015 was RMB335 million (2014: RMB393 million).

MAJOR ACQUISITION AND DISPOSAL

1 In May 2015, the Group entered into an *en-bloc* sales agreement to sell offices at 1 & 2 KIC Corporate Avenue of Shanghai KIC for RMB601 million. The offices have been handed over in December 2015.

2 On 31 August 2015, the Group completed a disposal of 100% equity interest in Brixworth International Limited that indirectly owns 1 & 2 Corporate Avenue located in Shanghai Taipingqiao project for an aggregate cash consideration of approximately RMB6,596 million. The net proceeds was approximately RMB3,990 million, after deducting all related costs, expenses and repayment of bank loans. For details, please refer to the circular issued by the Company dated 14 August 2015.

3 On 10 December 2015, the Group entered into an agreement to dispose of 100% equity interest in Infoshore International Limited ("Infoshore") and the related shareholders' loans for an aggregate cash consideration of approximately RMB4,407 million. Infoshore indirectly held 3

Corporate Avenue located in Shanghai Taipingqiao project. The transaction has been completed in February 2016. For details, please refer to the circular issued by the Company dated 31 December 2015.

4 On 18 December 2015, the Group entered into an agreement to buyback 60.14% equity interest and the related shareholders' loans on Portspin Limited ("Portspin") held by Trophy Property GP Limited, as general partner of and on behalf of Trophy Property Development L.P. and its subsidiaries in two stages: the initial stage in relation to 18.04% of the equity interest in Portspin for a cash consideration of USD156 million settled on 19 January 2016 and the final stage in relation to 42.1% of the equity interest in Portspin for a cash consideration of USD407 million to be settled on 29 December 2017. Portspin indirectly owns a residential property (Lot 116) located in Shanghai Taipingqiao project. After completion of stage 1, the Group's interest in Portspin has increased from 39.86% to 57.90%.

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

In February 2014, the Company and CXTD Holding completed a set of agreements with Brookfield. CXTD Holding issued convertible perpetual securities ("CPS") in an aggregate principal amount of USD500 million to Brookfield. The net proceeds raised was approximately USD480 million, after deducting all related costs and expenses. As at the date of this annual report, the Company has applied all the net proceeds (i) as to approximately USD120 million to repay indebtedness; (ii) as to approximately USD286 million to fund capital expenditures related to the Company's real estate development and (iii) as to approximately USD74 million for general working capital purposes. Brookfield has converted the CPS into 21.89% of CXTD Holding shares in September 2015.

In January and February 2015, the Group fully settled the outstanding senior notes issued in 2011 and 2012, which amounted to approximately RMB5,275 million.

On 4 June 2015, the Group issued USD225 million 7.5% Convertible Perpetual Capital Securities ("CPCS"). The CPCS can be converted into ordinary shares of the Company at a fixed conversion price of HK$3.228, subject to customary anti-dilution adjustments. The net proceeds was approximately USD219 million, after deducting all related costs and expenses. As at the date of this annual report, the Company has applied all the net proceeds (i) as to approximately USD150 million to repay indebtedness; (ii) as to approximately USD45 million to fund capital expenditures related to the Company's real estate development and (iii) as to approximately USD24 million for general working capital purposes.

The aforementioned fund raising exercises were carried out to improve and maintain the Group's high liquidity profile. The structure of the Group's borrowings as of 31 December 2015 is summarised below:

	Total (in RMB equivalent) RMB'million	Due within one year RMB'million	Due in more than one year but not exceeding two years RMB'million	Due in more than two years but not exceeding five years RMB'million	Due in more than five years RMB'million
Bank and other borrowings – RMB	23,416	5,981	4,909	11,648	878
Bank borrowings – HKD	5,540	4,127	1,413	–	–
Bank borrowings – USD	4,381	2,670	349	1,362	–
Senior notes – RMB	2,540	–	2,540	–	–
Senior notes – USD	12,115	–	3,224	8,891	–
Total	47,992	12,778	12,435	21,901	878

Total cash and bank deposits amounted to RMB10,614 million as of 31 December 2015 (31 December 2014: RMB12,430 million), which included RMB2,989 million (31 December 2014: RMB3,291 million) of deposits pledged to banks and RMB4,281 million (31 December 2014: RMB2,471 million) of restricted bank deposits which can only be applied to designated property development projects of the Group.

As of 31 December 2015, the Group's net debt balance was RMB37,378 million (31 December 2014: RMB35,535 million) and its total equity was RMB46,118 million (31 December 2014: RMB44,922 million). The Group's net gearing ratio was 81% as of 31 December 2015 (31 December 2014: 79%), calculated on the basis of the excess of the sum of convertible bonds, senior notes, bank and other borrowings net of bank balances and cash (including pledged bank deposits and restricted bank deposits) over the total equity.

Total undrawn banking facilities available to the Group were approximately RMB6,256 million as of 31 December 2015 (31 December 2014: RMB6,405 million).

PLEDGED ASSETS

As of 31 December 2015, the Group had pledged certain land use rights, completed properties for investment and sale, properties under development, accounts receivable, and bank and cash balances totalling RMB65,821 million (31 December 2014: RMB56,431 million) to secure its borrowings of RMB26,717 million (31 December 2014: RMB27,070 million).

CAPITAL AND OTHER DEVELOPMENT RELATED COMMITMENTS

As of 31 December 2015, the Group had contracted commitments for development costs and capital expenditure in the amount of RMB13,368 million (31 December 2014: RMB13,720 million).

CASH FLOW MANAGEMENT AND LIQUIDITY RISK

Management of the cash flow is the responsibility of the Group's treasury function at the corporate level.

The Group's commitment is to maintain a balance between continuity of funding and flexibility through a combination of internal resources, bank borrowings, and debt or equity securities, as appropriate. The present financial and liquidity position enables the Group to maintain a reasonable liquidity buffer so that sufficient funds are available to meet liquidity requirements at all times.

EXCHANGE RATE AND INTEREST RATE RISKS

The revenue of the Group is denominated in RMB. The RMB senior notes issued in 2014 are also denominated in RMB. As a result, the coupon payments and repayment of the principal amounts of the senior notes issued in 2014 do not expose the Group to any exchange rate risk.

However, a portion of the revenue is converted into other currencies to meet our foreign-currency-denominated debt obligations, such as bank borrowings denominated in HKD and USD, and senior notes and CPCS denominated in USD issued in 2014 and 2015. As a result, to the extent that the Group has a net currency exposure, there is exposure to fluctuations in foreign exchange rates. As of 31 December 2015, the Group has not entered into any currency swaps hedge of RMB against the HKD.

The Group's exposure to interest rate risk results from fluctuations in interest rates. Most of the Group's bank and other borrowings consist of variable rate debt obligations with original maturities ranging from two to six years for project construction loans, and one to fifteen years for mortgage loans. Increases in interest rates would raise interest expenses relating to the outstanding variable rate borrowings and cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the debt obligations.

As at 31 December 2015, the Group had various outstanding loans that bear variable interest linked to Hong Kong Inter-bank Borrowing Rates ("HIBOR"), London Inter-bank Borrowing Rates ("LIBOR") and the People's Bank of China ("PBOC") Prescribed Interest Rate. The Group has hedged against the variability of cash flow arising from interest rate fluctuations by entering into interest rate swaps in which the Group would receive interests at variable rates at HIBOR and pay interests at fixed rate at 0.7%; receive interests at variable rates at LIBOR and pay interests at fixed rates ranging from 0.68% to 0.70% and receive interests ranging from 115% to 125% of the PBOC Prescribed Interest Rate and pay interests at a fixed rate of 7.52% to 7.85%, based on the notional amounts of HKD691 million, USD195 million and RMB656 million, in aggregate.

As at 31 December 2014, the Group entered into a cross currency swap amounting to RMB2,500 million, which will be due on 26 February 2017. Under this swap, the Group would receive interest at a fixed rate of 6.875% per annum and RMB2,500 million at maturity and pay interest semi-annually at a fixed rate from 5.840% to 5.975% per annum, and USD408 million at maturity.

Save as disclosed above, as of 31 December 2015, the Group does not hold any other derivative financial instruments that are linked to exchange rates or interest rates. The Group continues to closely monitor its exposure to exchange rate and interest rate risks, and may employ derivative financial instruments to hedge against risk if necessary.

Ruihong Tiandi – Hall of the Stars – a mall targeting family and kids was opened in 2015

MARKET OUTLOOK

The Commercial Cluster at Chongqing Tiandi boosts the city's internationalisation

2016 is shaping up to be a turbulent year, marked by heightened geopolitical tensions in the Middle East, weak commodity prices, exchange rate fluctuations, subdued investment and slow productivity growth. The confluence of these events has impaired business sentiment and will likely dampen the pace of global economic recovery. Asynchronous monetary policy between the US and the EU is expected to continue, while Japan's unconventional move to implement a negative interest rate could trigger a further drop in the value of Asian currencies. In early 2016, global stock markets retreated from their 2015 highs, with major stock indices recording double-digit declines. A persistent equity bear market will weigh on business confidence, leaving the projected US-led global economic recovery highly uncertain.

China's GDP growth continued to slow in 2015 to 6.9% in real terms, as the economy confronted headwinds from industrial overcapacity amid weak global demand. Nevertheless, there were several bright spots, including a booming services sector and e-commerce, which helped raise the tertiary sector's contribution to GDP above 50% for the first time. The continuing soft fall in economic growth has prompted the authorities to strengthen fiscal policy and adopt a looser monetary policy. Following six consecutive cuts in bank reserve requirement ratio (RRR) and benchmark interest rate since November 2014, the government of mainland China recently announced that it would implement further easing of home purchase policy. This policy will help to expedite the reduction of housing inventory and place the housing market recovery on a firmer setting, thus restraining real estate investment and economic growth from slowing further. The government has also pledged to introduce supply-side reform in order to revitalise the economy with the aim of achieving 6.5-7% GDP growth for 2016.

In February 2016, the down payment requirements were lowered respectively to 20% and 30% for first and second home purchases, applicable to all cities except Beijing, Shanghai, Guangzhou, Shenzhen and Sanya. China also cut deed and business taxes for home purchases. The deed tax for houses above 90 sq.m. was reduced from the current 1.5-3% to 1.5% for first time buyers in all cities. For second homes, the tax rate was reduced to 1% (for houses under 90 sq.m.) or 2% (for houses above 90 sq.m.) in all cities except Beijing, Shanghai, Guangzhou and Shenzhen. In addition, houses held for more than two years will be exempt from a business tax in all cities, except Beijing, Shanghai, Guangzhou and Shenzhen. The business tax was previously assessed at 5.55%. At the same time, China raised the interest rate for housing provident fund deposit to 1.5% with effect from February 21, 2016. Previously the interest rate was 1.1% for provident fund deposit balances from the previous calendar year, and 0.35% for current year deposit. These policies will stimulate housing transactions and help development projects in lower tier cities to regain pricing power. In 2015, nationwide residential transactions by sales area and value rose by 6.9% and 16.6% respectively, and we believe the housing market recovery should remain intact given the supportive policy environment. In addition, the recent relaxation of the one-child policy will increase the number of new births, which is projected to lift demand for residential upgrades in the next five years.

During 2015, the RMB depreciated against the USD by 5.8% while remaining stable against CFETS, an index comprising a basket of 13 currencies. Since late 2015, the PBOC has amended China's exchange rate formation mechanism, setting the daily onshore exchange rate with reference to the CFETS currency basket. In view of China's policy of maintaining currency stability relative to the CFETS basket, many investors expect further RMB devaluation against USD as the Federal Reserve Board began to heighten the US interest rate in December 2015. At the start of the year, currency speculators aggressively shorted the RMB, driving offshore USD: RMB rate to levels well below the onshore exchange rate. This has prompted intervention by the PBOC to push up RMB borrowing costs in Hong Kong and impose a reserve requirement for foreign financial institutions holding RMB deposits in mainland China. Under the PBOC's active management, the RMB has remained stable versus CFETS, and the USD: RMB exchange rate depreciated by around 0.8% by the end of February 2016. For the full year, the magnitude of any USD: RMB devaluation is highly uncertain in view of heightened global stock market volatility, which can alter the timing and pace of further US interest rate hikes.

In the grade A office sector, vacancy rates are expected to rise due to softening economic growth and the onset of a large supply pipeline. Multinational companies are likely to maintain a cautious attitude with regard to their business expansion under the current environment. Domestic companies, in particular financial services, technology, media & telecom and professional services, are expected to be the major demand drivers. Rental performance across the regions will be divergent. Average rent in first-tier cities is expected to remain stable or rise slightly, while rents in second-tier cities, especially in non-prime locations, are projected to decline due to rising vacancies. In the retail property sector, high expenditure on consumption and the increasing sophistication of consumers should continue to make first tier-cities attractive to retailers. Supply will be limited in prime catchment areas, where rental growth is likely to continue. Non-prime areas will encounter strong competitive pressure as more projects come on stream, thus driving average rents down. Changing consumer behaviour and the rapid growth of e-commerce will drive more project renovation, as landlords make adjustments to their trade-mix and strive to offer a better shopping experience through innovation in order to attract customer traffic.

In Shanghai, the economy achieved robust GDP growth of 6.8% in 2015, with the tertiary sector's contribution to GDP rising to 67.6% from 64.8% last year. The New Development Bank (formerly known as the BRICS Development Bank), the first international financial organisation headquartered in the city, officially opened on 21 July 2015. Shanghai has also announced an ambitious service sector development plan for the 13th Five-year Plan period. In addition to the city's ongoing transformation into an international financial centre, the authorities have introduced plans for Shanghai to assume a new role as a science and technology innovation centre with global influence. Driven by the upgrade demand and favourable policy environment, sales of new homes by floor area rose by 50.8% in 2015 to 15 million sq.m.. Average residence selling price in the period increased by 17.5% to RMB32,101 per sq.m. and the price within the inner ring rose by 20.9% to RMB75,868 per sq.m.. In 2015, Shanghai's Grade A office rentals increased 9.3% due to strong demand from financial and professional services enterprises, while prime commercial retail rentals in the core area registered 4.8% year-on-year growth according to a Jones Lang LaSalle survey. We expect stable economic growth and further expansion of high-end services to attract continuing inflows of talent, which will create robust demand for residential and commercial properties.

Wuhan, an emerging economic hub in China's central region, achieved economic growth of 8.8% in 2015. Wuhan's residential sales hit a record high of 17 million sq.m., which is 51% above the previous year. In the 13th Five-year Plan, Wuhan has laid out a comprehensive plan to accelerate innovation-driven development, enhance the city's knowledge creation and technological innovation capabilities, and develop the East Lake High-Tech Development Zone into a world leading Science and Technology Park. With the recent easing of the home mortgage policy, residential sales are expected to continue growing steadily in 2016.

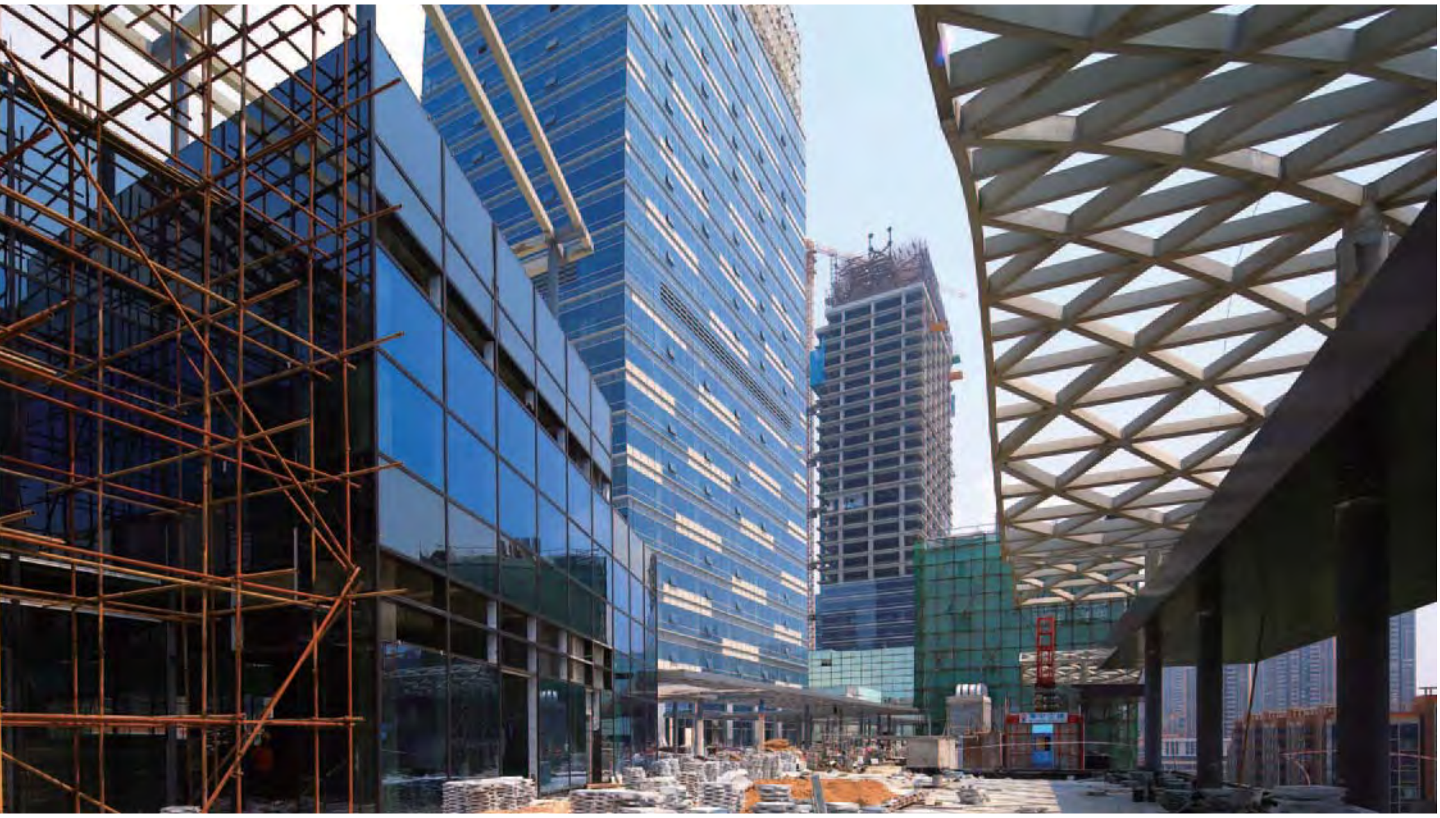
In 2015, Chongqing registered GDP growth of 11%, ranking it first among the nation's provinces, with the tertiary and secondary industry achieving strong growth rates of 11.5% and 11.3% respectively. In recognition of the city's importance to the development of the Yangtze River Economic Belt and the Belt and Road strategy, President Xi Jinping chose Chongqing as his first city to visit in 2016. It is worth noting that Chongqing aims to double its GDP and per capita income by 2017 from the 2010 level, three years ahead of national growth targets. In view of the city's strategic role in national development, our Chongqing Tiandi project should serve the city's growing needs for a modern professional services cluster.

Foshan's economy maintained stable GDP growth of 8.5% in 2015. According to the 13th Five-year Plan, Foshan aims to become one of the leading manufacturing centres in China, targeting average annual GDP growth of 7.5%. The city has embraced an Internet Plus Innovation & Entrepreneurship strategy and intends to build a strong talent pool in order to achieve its goals under this strategy. With support from the Guangdong provincial government, Foshan will invest RMB 6 billion to upgrade the University of Foshan into an advanced science and engineering institute. Helped by improvements in the intercity transportation infrastructure and the huge price gap with Guangzhou, it is believed that Foshan's residential market is on course to achieve another year of robust performance.

Dalian's economy remained soft in 2015 with GDP growth declining to 4.2% from 5.8% in 2014. However, tertiary industry growth reached 8.2%, outpacing the city's economic growth rate. For 2016, Dalian has set a GDP growth target of 6.5-7.0%. In order to achieve this, the government will increase investment to enhance the city's infrastructure and subway network. The Dalian Bay Bridge connecting Jinzhou New District and the urban area is scheduled for completion by the end of 2017. Following the completion of subway line 2 in May 2015, the government commissioned the construction of subway lines 4 and 5.

As we enter 2016, we have seen rising volatility in the global currency markets and a hefty worldwide stock market correction. The economic outlook this year is highly uncertain and susceptible to risks. Despite this, China's residential market is on track to sustain another year of growth thanks to supportive monetary policy and further easing of its home mortgage policy. However, capital outflows and currency volatility could disrupt the baseline growth projection, so it is essential to closely monitor rapidly changing overseas and domestic growth dynamics. Spillover effects from a further dive in stock and currency prices could become contagious, posing significant economic growth risks across national boundaries. Contingency plans may need to be put in place to prepare for the onset of a downside scenario.

CORPORATE GOVERNANCE REPORT



Construction site of Wuhan Tiandi

The board of directors of the Company (the "Board") is pleased to present the Corporate Governance Report for the year ended 31 December 2015.

The Company is committed to enhancing its corporate governance practices appropriately in the conduct and growth of its business, and to pursuing the right balance between conformance and performance in its corporate governance. The Company reviews its corporate governance practices from time to time to ensure it complies with all the applicable code provisions (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and aligns with its latest developments. The Board believes that good corporate governance is essential to the success of the Company, the enhancement of shareholders' value, and stakeholders' confidence in the Company.

The fruitful results of good corporate governance practices have enabled the Company to leverage its competitive advantages from many perspectives. The trust and support from the Company's stakeholders have become drivers and enablers of our continuing success and growth. The Company has experienced these benefits during its on-shore and off-shore fund raisings, as well as when entering into long term strategic partnership with renowned companies. From an ethical perspective, our integrity has won the trust of the PRC Government, which has in consequence granted us more new opportunities involving large scale metropolitan development projects.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Board has reviewed the corporate governance practices of the Company along with the adoption and improvement of various procedures and documentation, which are detailed in this report. During the year ended 31 December 2015, the Company has applied the principles of and complied with all the applicable code provisions of the CG Code.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Company's businesses, strategic decisions and performance. The Board has reserved for its decision or consideration matters concerning principally the Company's overall strategy, annual operating budget, annual and interim results, recommendations on Directors' appointments or re-appointments, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the daily operations and administration of the Company to the management. The respective functions of the Board and the management of the Company is published on the Company's website and will be reviewed from time to time as appropriate. In addition, the Board has established respective Board committees, namely Audit Committee, Remuneration Committee, Nomination Committee and Finance Committee, and has delegated to these Board committees various responsibilities as set out in their respective terms of reference.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that the Board procedures and all applicable rules and regulations are followed. In addition, a written procedure has been established to enable the Directors, in the discharge of their duties, to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

The Board had the full support of the Managing Directors and the senior management of the Company in discharging its responsibilities during the year ended 31 December 2015.

BOARD COMPOSITION

As a commitment to good corporate governance, the Company's Articles of Association stipulates that, subject to the provisions contained therein, the Board shall include a majority of Independent Non-executive Directors ("INEDs").

On 26 June 2015, Mr. Philip K. T. WONG resigned as an Executive Director and a Managing Director of the Company and officially left the Company on 1 January 2016. Following Mr. Philip K. T. WONG's resignation, he also ceased to be a member of the Finance Committee of the Company on 26 June 2015, and Mr. Frankie Y. L. WONG was re-designated from the position of a Non-executive Director to an Executive Director of the Company on 26 June 2015. Following the re-designation of Mr. Frankie Y. L. WONG, he ceased to be a member of the Audit Committee of the Company and was replaced by Mr. David J. SHAW, an Independent Non-executive Director of the Company, on 26 June 2015.

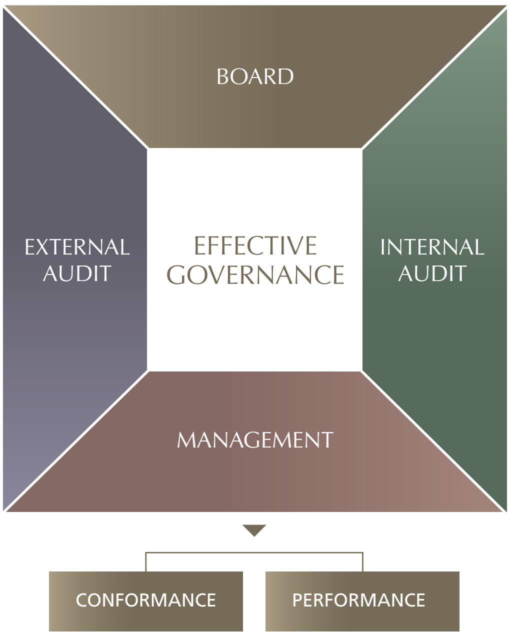
On 31 July 2015, Mr. Daniel Y. K. WAN resigned as an Executive Director, a Managing Director and the Chief Financial Officer of the Company and officially left the Company on 1 October 2015. Following Mr. Daniel Y. K. WAN's resignation, he also ceased to be a member of the Finance Committee of the Company and an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules on 31 July 2015, and Mr. Frankie Y. L. WONG, an Executive Director of the Company, was appointed as the Acting Chief Financial Officer of the Company and an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules on 31 July 2015.

On 1 January 2016, Mr. Anthony J. L. NIGHTINGALE was appointed as an Independent Non-executive Director and a member of the Finance Committee of the Company.

On 4 January 2016, Mr. Douglas H. H. SUNG was appointed as an Executive Director, the Chief Financial Officer and a member of the Finance Committee of the Company and Mr. Frankie Y. L. WONG, an Executive Director of the Company, resigned as the Acting Chief Financial Officer of the Company on the same day.

Apart from the above, as at the date of this report, there was no change in the composition of the Board and the majority of the members of the Board were INEDs.

The Board is currently made up of nine members in total, with three Executive Directors and six INEDs. The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.



THE COMPANY PURSUES A RIGHT BALANCE BETWEEN CONFORMANCE AND PERFORMANCE IN ITS CORPORATE GOVERNANCE.

During the year ended 31 December 2015 and as at the date of this report, the Board comprises the following Directors:

Executive Directors
Mr. Vincent H. S. LO (Chairman of the Board, member of the Remuneration Committee, Chairman of the Nomination Committee and Chairman of the Finance Committee)
Mr. Frankie Y. L. WONG (re-designated on 26 June 2015) (Vice Chairman of the Finance Committee)
Mr. Douglas H. H. SUNG (appointed on 4 January 2016) (Chief Financial Officer and member of the Finance Committee)
Mr. Philip K. T. WONG (resigned on 26 June 2015)
Mr. Daniel Y. K. WAN (resigned on 31 July 2015)
INEDs
Sir John R. H. BOND (member of each of the Nomination Committee and the Finance Committee)
Dr. William K. L. FUNG (Chairman of the Remuneration Committee and member of the Finance Committee)
Professor Gary C. BIDDLE (Chairman of the Audit Committee, and member of each of the Remuneration Committee, the Nomination Committee and the Finance Committee)
Dr. Roger L. McCARTHY (member of the Audit Committee)
Mr. David J. SHAW (member of the Audit Committee)
Mr. Anthony J. L. NIGHTINGALE (appointed on 1 January 2016) (member of the Finance Committee)

The list of current Directors and a description of their roles and functions were published on the websites of the Company and the Stock Exchange.

Brief biographical details of the Directors are set out in the "Biographies of Directors and Senior Management" section on pages 96 to 101.

Currently, the Company has six INEDs representing more than half of the Board members. The number of INEDs who have appropriate professional qualifications or accounting or related financial management expertise exceeds the requirement as stipulated under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules. None of the Directors has any relationship (including financial, business, family or other material/relevant relationship(s)) with any other Directors.

The existing Directors, including the INEDs, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board to ensure its efficient and effective functioning. INEDs are invited to serve on the Board committees of the Company. Their active participation in the Board and Board committee meetings brings independent judgment on issues relating to the Company's strategies, performance and management processes, taking into account the interests of shareholders of the Company. Site visits to the Company's projects are arranged from time to time to allow members of the Board to keep abreast of project developments.

BOARD DIVERSITY

With a view to enhancing the Board's effectiveness and corporate governance, the Company understands that increasing diversity at the Board level is essential to maintaining a competitive edge in the evolving market environment. The Board recognises that it should include a balanced composition of Executive Directors and INEDs so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company adopted the Board Diversity Policy with measurable objectives in March 2013. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to age, cultural and educational background, professional and industry experience, skills, knowledge, ethnicity and other qualities essential to the Company's business, as well as the merit and contribution that the selected candidates will bring to the Board.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are governed by the Company's Articles of Association, a copy of which has been published on the Company's website for public inspection. The Board, with the recommendation of the Nomination Committee, is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of INEDs.

Non-executive Directors, including INEDs, of the Company are subject to retirement by rotation at least once every three years and the re-election of Directors is pursuant to the Company's Articles of Association, the Listing Rules and any other applicable laws.

All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment; and every Director, including those appointed for a specific term, is subject to retirement by rotation at least once every three years. As such, no Director has a term of appointment longer than three years.

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

The Company's Articles of Association also allows a qualified shareholder to propose a person, other than a retiring Director of the Company or a person recommended by the Directors, for election as a Director of the Company. The detailed requirements and procedure for such action have been published on the Company's website.

TRAINING, INDUCTION AND CONTINUING DEVELOPMENT FOR DIRECTORS

Each newly appointed Director receives a comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has an appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors are continually updated on legal and regulatory developments, as well as business and market changes, in order to facilitate the discharge of their responsibilities.

During the year ended 31 December 2015, the Company invited external professional advisors to provide two training sessions to the Directors.

A training session was held on 26 March 2015 covering a Review of Amendments to the Main Board Listing Rules relating to (1) Disclosure of Financial Information with reference to the New Companies Ordinance and Hong Kong Financial Reporting Standards and Proposed Minor/Housekeeping Rule Amendments; and (2) Risk Management and Internal Control section of the Corporate Governance Code and Corporate Governance Report. Mr. Vincent H. S. LO, Mr. Frankie Y. L. WONG, Sir John R. H. BOND, Professor Gary C. BIDDLE and Dr. Roger L. McCARTHY attended this training session, and briefing materials were sent to all Directors for their perusal.

Another training session was held on 19 August 2015 under the topic China Economic Policy Changes and RMB Internationalisation – The Changing Landscape and Applications. Mr. Vincent H. S. LO, Mr. Frankie Y. L. WONG, Professor Gary C. BIDDLE and Dr. Roger L. McCARTHY attended this training session, and briefing materials were sent to all Directors for their perusal.

In addition, individual Directors participated in forums and workshops organised by external professional consultants for continuous professional development. All Directors provided the Company with their training records in respect of the year ended 31 December 2015.

BOARD AND BOARD COMMITTEES MEETINGS AND SHAREHOLDERS' MEETINGS

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

The Company held an annual general meeting and four regular Board meetings in the year 2015. The Company has already set a schedule for its regular Board meetings and Board committee meetings in the year 2016 in observance of the CG Code.

The attendance records of each Director at the Board meetings and shareholders' meetings in 2015 are set out below:

Name of Directors	Attendance/ number of Board meetings held during tenure	Attendance of the annual general meeting held on 27 May 2015
Executive Directors		
Mr. Vincent H. S. LO (Chairman)	4/4	✓
Mr. Frankie Y. L. WONG (re-designated from Non-executive Director to Executive Director on 26 June 2015)	4/4	✓
Mr. Philip K. T. WONG (resigned on 26 June 2015)	3/3	✓
Mr. Daniel Y. K. WAN (resigned on 31 July 2015)	3/3	✓
Independent Non-executive Directors		
Sir John R. H. BOND	3/4	✓
Dr. William K. L. FUNG	3/4	
Professor Gary C. BIDDLE	4/4	
Dr. Roger L. McCARTHY	4/4	✓
Mr. David J. SHAW	4/4	✓

PRACTICE AND CONDUCT OF MEETINGS

All Directors are given an opportunity to include matters in the agenda for regular Board meetings. Annual meeting schedules and the draft agenda of each meeting are made available to Directors in advance. Board and Board committee meetings are scheduled at least one year in advance to facilitate the maximum attendance of Directors.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For other Board committee meetings, reasonable notice is generally given. Board papers together with appropriate, complete and reliable information are sent to all Directors at least three days or such other period as specified in the terms of reference of the relevant Board committees before each Board committee meeting to keep the Directors abreast of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management attends all regular Board meetings and, when necessary, other Board and Board committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible for taking and keeping minutes of all Board and Board committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to current Board practice, any material transaction that involves a conflict of interest for a substantial shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The interested Directors shall abstain from voting and shall not be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of chairman and chief executive of the Company are separated and currently performed by Mr. Vincent H.S. LO ("Mr. LO") and the Executive Committee of the Company (the "EXCOM") respectively. Mr. LO, who is the Chairman of the Company and one of the members of the EXCOM, takes an active role in steering the business and leverages his experience to guide the EXCOM at a strategic level and promote the Company's sustainable growth. The reformed EXCOM, after the reorganised management of the Group, collectively takes the key management role of the Company on executive decisions and takes up the functional duties of Chief Executive Officer. The division of responsibilities of Chairman and Chief Executive Officer is clearly established and set out in writing.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors.

Specific enquiry has been made of all the Directors, and the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2015.

To comply with code provision A.6.4 of the CG Code, the Company has established and adopted a Code for Securities Transactions by Relevant Employees (as defined by the Listing Rules), on terms no less exacting than the Model Code, to regulate dealings in the securities of the Company by certain employees of the Company or any of its subsidiaries who are considered to be likely in possession of unpublished inside information in relation to the Company or its securities because of their offices or employment.

No incident of non-compliance with the Model Code by the Directors and the Code for Securities Transactions by Relevant Employees was noted by the Company during the year ended 31 December 2015.

BOARD COMMITTEES

During the year ended 31 December 2015, the Board had four Board committees, namely, the Remuneration Committee, the Audit Committee, the Nomination Committee and the Finance Committee, for overseeing particular aspects of the Company's affairs.

The four Board committees of the Company are established with defined written terms of reference and approved by the Board, which set out the Board committees' respective duties. The terms of reference of the Board committees have been reviewed from time to time to cope with the latest amendments of the Listing Rules and needs of the Company.

The majority of the members of each Board committee are INEDs. The list of the Chairman and members of each Board committee is set out in the "Corporate Information" section on page 220.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

REMUNERATION COMMITTEE

The Remuneration Committee currently consists of three members, namely Dr. William K. L. FUNG (Chairman of the Remuneration Committee), Mr. Vincent H. S. LO and Professor Gary C. BIDDLE. A majority of the members of the Remuneration Committee are INEDs.

The primary functions of the Remuneration Committee are to make recommendations to the Board on the Company's remuneration policy, evaluate its performance and make recommendations, if any, on the remuneration packages and compensation of the Directors and senior management, and to evaluate and make recommendations on employee benefit arrangements.

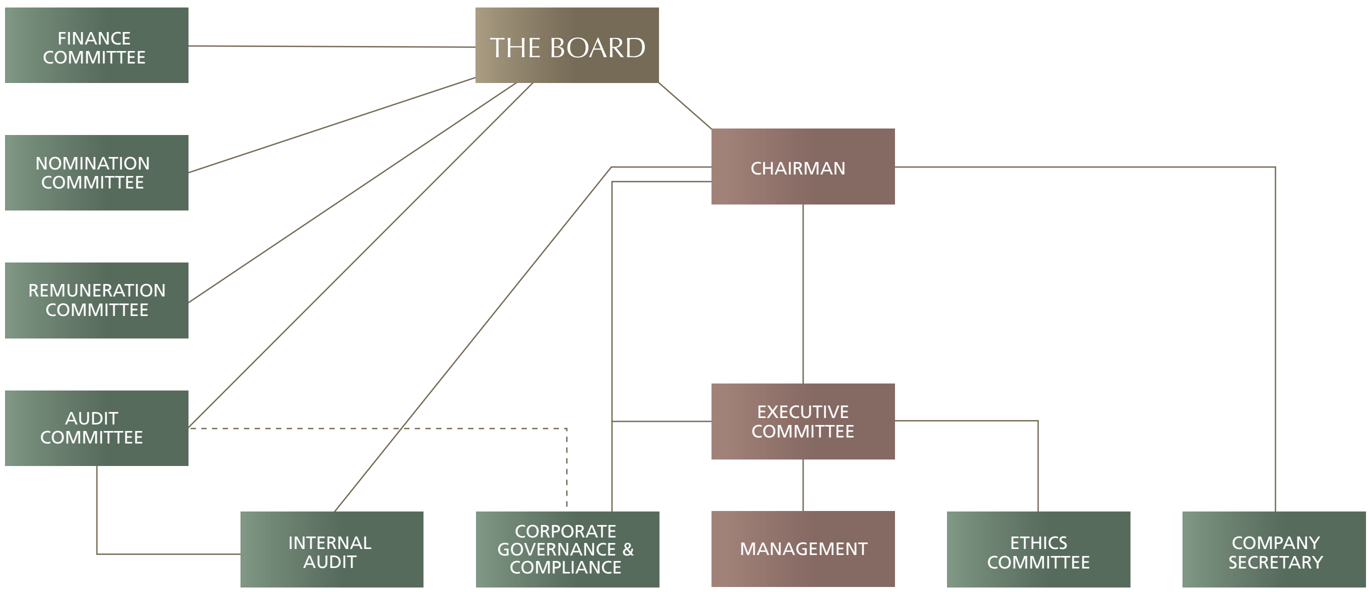
The Human Resources Department is responsible for collecting and administering human resources data and making recommendations to the Remuneration Committee for its consideration. The Remuneration Committee shall consult Board about these recommendations on remuneration policy, structure and packages.

The Remuneration Committee is responsible for reviewing the remuneration policy and structure and determining the annual remuneration packages of the Executive Directors and senior management and other related matters.

The terms of reference of the Remuneration Committee are published and available on the websites of the Company and the Stock Exchange.

During the year ended 31 December 2015, the Remuneration Committee had reviewed the remuneration policy and structure of the Company; the current remuneration package of the Executive Director and senior management in consideration of their duties, responsibilities and market conditions as well as the incentive plans for the employees of the Group by way of written resolutions.

SHUI ON LAND CORPORATE GOVERNANCE ORGANISATION FOR THE YEAR ENDED 31 DECEMBER 2015



AUDIT COMMITTEE

The Audit Committee currently consists of three members, namely Professor Gary C. BIDDLE (Chairman of the Audit Committee), Dr. Roger L. McCARTHY and Mr. David J. SHAW (appointed on 26 June 2015). Mr. Frankie Y. L. WONG ceased to be a member of the Audit Committee on 26 June 2015. All members of the Audit Committee are INEDs. All members of the Audit Committee have no previous relationships with the Company's existing external auditor.

The main duties of the Audit Committee include the following:

- To review the Company's financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer, internal auditor or external auditor before submission to the Board.
- To review and monitor the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of the external auditor.
- To review the adequacy and effectiveness of the Company's financial controls, internal control and risk management systems and associated procedures.
- To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board.

The terms of reference of the Audit Committee are published and available on the websites of the Company and the Stock Exchange.

The Audit Committee held two meetings during the year ended 31 December 2015 (with attendance rate of 100%). The Audit Committee also held separate meetings with the external auditor and the internal auditor during the year to discuss pertinent issues of the Company without the Executive Directors being present.

During the year ended 31 December 2015 and up to the date of this report, the Audit Committee had reviewed the Group's interim results for the six months ended 30 June 2015 and annual results for the years ended 31 December 2014 and 2015, including the accounting principles and practices adopted by the Company, in conjunction with the Company's external auditor. No material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern had been found.

The Audit Committee had also reviewed the auditor's remuneration and made recommendation to the Board on the re-appointment of auditor. The Audit Committee has the same view as the Board regarding the selection, appointment, resignation or dismissal of external auditors.

In addition, the Audit Committee had reviewed the risk assessment conducted by the internal auditor in the Audit Committee meetings and made summary reports to the Board. It also uses a self-assessment checklist to review and enhance the performance of the Audit Committee on a semi-annual basis. Periodically, the members of the Audit Committee visit the Company's projects to keep abreast of their development. The Audit Committee also reviewed the Company's policies and practices on corporate governance; the training and continuous professional development of Directors and senior management; the Company's policies and practices on compliance with legal and regulatory requirement; and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report as stipulated under code provision D.3.1 of the CG Code.

NOMINATION COMMITTEE

The Nomination Committee currently consists of three members, namely Mr. Vincent H. S. LO (Chairman of the Nomination Committee), Sir John R. H. BOND and Professor Gary C. BIDDLE. The majority of members of the Nomination Committee are INEDs.

The primary functions of the Nomination Committee are to review the structure, size and composition of the Board and the Board Diversity Policy, identify individuals suitably qualified to become members of the Board, and assess the independence of INEDs and make recommendations to the Board on the appointment, re-appointment of Directors and succession planning for Directors.

The terms of reference of the Nomination Committee are published and available on the websites of the Company and the Stock Exchange.

During the year ended 31 December 2015, the Nomination Committee had reviewed the independence of INEDs; the structure, size and composition of the Board with reference to the Board Diversity Policy to complement the Company's corporate strategy by way of discussions in one of the Board meetings.

Greenville at Dalian Tiandi

FINANCE COMMITTEE

The Finance Committee currently consists of seven members, namely, Mr. Vincent H. S. LO (Chairman of the Finance Committee), Mr. Frankie Y. L. WONG (Vice Chairman of the Finance Committee), Sir John R. H. BOND, Dr. William K. L. FUNG, Professor Gary C. BIDDLE, Mr. Anthony J. L. NIGHTINGALE (appointed on 1 January 2016) and Mr. Douglas H. H. SUNG (appointed on 4 January 2016). Mr. Philip K. T. WONG and Mr. Daniel Y. K. WAN ceased to be members of the Finance Committee on 26 June 2015 and 31 July 2015 respectively. The majority of the members of the Finance Committee are INEDs.

The primary functions of the Finance Committee are to stipulate and monitor the financial strategies, policies and guidelines of the Company, review and monitor the Company's financial performance and performance of the Chief Financial Officer. In June 2015, the Board expanded the terms of reference of the Financial Committee to include the functions and duties of an investment committee.

The Finance Committee held two meetings during the year ended 31 December 2015 (with attendance rate of 100%).

During the year ended 31 December 2015, the Finance Committee had reviewed the financial policies and guidelines of the Company; considered and approved the financial strategies and objectives recommended by the Chief Financial Officer; and submitted to the Board a summary of the investment/disposal analysis and recommended to the Board in respect of the related property projects.

RISK ASSESSMENT/MANAGEMENT

STRATEGIC PLANNING

In 2015, the Company has made decisive strategic movement to increase asset churn and to adopt asset-light business strategy and model. The fine-tuned business strategy allows the Company to accelerate capital recycling, capture the business opportunities and create more values for its shareholders.

The Company will keep developing its competitive advantages on innovation and striving for excellence. Strategic action plans were developed, implemented and monitored by relevant executives and management to improve services and to enhance the customer experience to achieve its market-driven and customer-focused business mode of operations. The Company also developed balanced scorecards to measure the alignment of individual performance in attaining these goals and objectives.

RESOURCES PLANNING AND COST CONTROLS

During the year ended 31 December 2015, the Company's main focus on resources planning remained fund raising through various means to expedite completion of the maturing projects, as well as to strengthen its capabilities in managing its retail resources to meet future challenges. This was done successfully, enabling the Company to increase its focus on delivering the targets of its business plan.

Management continues to focus on controlling costs in the short and long run, enhancing the Company's cost conscious culture and behaviour, and reviewing and monitoring the Company's expenditures.

ENTERPRISE RISK MANAGEMENT

Risk management efforts are led by the EXCOM members, the project directors and functional department heads through discussion at regular management meetings comprising the EXCOM meetings, Project Board meetings, functional and department meetings to determine the appropriate strategy and management actions to manage the key business risks. The Audit Committee requires management to present a risk assessment/management report at every Audit Committee meeting. The Chief Internal Auditor facilitates this by interviewing relevant management semi-annually to help document major risks faced by the Company and the key management actions taken to manage them.

INTERNAL CONTROL

During the year ended 31 December 2015, management and internal audit conducted reviews of the effectiveness of the Company's system of internal controls, including those of its subsidiaries and major associates. The Audit Committee reviewed the summary report prepared by the internal auditors on the effectiveness of the Company's system of internal controls and reported its summary results to the Board covering all material controls, including financial, operational

Chongqing Tiandi boosts the city's internationalisation and compliance controls and risk management functions. The Board also considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions.

The Company is also in the process of updating its policies and procedures to reflect ongoing organisational changes.

INTERNAL AUDIT

During the year ended 31 December 2015, the Chief Internal Auditor of the Internal Audit Department functionally reported to the Chairman and had full and free access to the Audit Committee. The internal audit charter allows the internal auditors to have unrestricted access to all functions, records, property and personnel, while maintaining appropriate confidentiality in performing their work.

The Internal Audit Department helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the risk management, control and governance processes. Risk assessments are conducted semi-annually by the Internal Audit Department to formulate a risk-based internal audit plan based on interviews and discussion with management and staff for the Audit Committee's approval.

During the year ended 31 December 2015, the Internal Audit Department issued reports to the Chairman and relevant management personal covering various operational and financial processes and projects of the Company. It provides summary reports to the Audit Committee together with the status of the implementation of their recommendations in each Audit Committee meeting.

ETHICAL CORPORATE CULTURE

The Company has established various policies, including its Code of Conduct and Business Ethics, governing business ethics and best practices. The Company emphasises integrity as an important foundation of its corporate culture and a strategic choice, and leverages it as one of its competitive advantages. New staff undergo an introduction to ethics in their orientation and are requested to complete a declaration of their commitment to abide by the Company's Code of Conduct and Business Ethics. In addition, they are required to join an online ethics training session upon completion of their probationary period. Selected staff are designated as ethics experts, whose mission is to further enhance the ethical awareness and standards of the Company by providing coaching and training to other staff. Ethics training is developed by the Human Resources Department, and various training sessions were delivered to staff during 2015.

Before the end of each year, all managers and above, together with other selected staff, must complete an on-line declaration of their commitment to abide by the Company's Code of Conduct and Business Ethics in all their business dealings.

ANTI-FRAUD MEASURES

An Irregularities Reporting System (or whistle-blowing system) was introduced for reporting violations of the Company's Code of Conduct and Business Ethics as well as making complaints about integrity-related matters from staff, vendors, customers and/or business partners. Telephone hotlines and special e-mail addresses and mailboxes were set up to enable any such complaints to reach the Chairman of the Audit Committee or the secretary of the Ethics Committee. At each Audit Committee meeting, a summary report of the complaints received and their follow-up results are tabled for review.

The Ethics Committee also issued an Irregularity Report Policy. This policy clarifies the Company's treatment and procedures for handling potential violations that have been reported, but at the same time tries to discourage abuse by disgruntled employees or ex-employees.

An incident reporting procedure was formulated to enable the systematic, timely and uniform reporting of incidents such as potential fraud to the Chief Financial Officer by personnel involved in internal control activities related to financial and/or automated information systems.

An Anti-fraud Assessment Framework was used to facilitate the annual assessment of risks or potential fraud on individual projects and departments. The results were examined, and appropriate control measures were established to mitigate those risks. Annual results are summarised and presented to the Audit Committee for review.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2015.

The Board is responsible for overseeing the preparation of the financial statements of the Company and reviewing the same to ensure that such financial statements give a true and fair view of the state of affairs of the Company and that relevant statutory requirements and applicable accounting standards are complied with.

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company that is put to the Board for approval.

The statement of the external auditor of the Company about their reporting responsibilities in regard to the financial statements is set out in the "Independent Auditor's Report" on page 117.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The remuneration paid/payable to the external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2015 is set out as follows:

Services rendered for the Company	Fee paid/payable (HK$'M)
Audit services:	
Annual audit of the financial statements of the company and its subsidiaries	7.7
Non-audit services:	
Review of interim report for the six months ended 30 June 2015	1.7
Reporting accountants and Bulletin 7 tax reporting in respect of the acquisition of Taipingqiao Lot 116	2.9
Reporting accountants and Bulletin 7 tax reporting in respect of the disposal of Taipingqiao CA1&2	1.5
Reporting accountants in respect of the disposal of Taipingqiao CA3	0.7
IT Consulting service relating to the CXTD business intelligence platform	1.8
Issue of comfort letters in respect of convertible perpetual capital securities of the Company	0.8
Accounting consultation in respect of the application of relevant accounting standards in various acquisitions or disposals	0.8
Tax compliance review and advisory services	3.6
Others	0.3
Total:	21.8

ANNUAL REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors and senior management of the Company is determined in accordance with the Company's remuneration policy and structure.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2015 is set out below:

Annual remuneration by band	Number of individuals
RMB1,000,000 and below	2
RMB1,000,001 – RMB2,000,000	1
RMB2,000,001 – RMB3,000,000	3
RMB3,000,001 – RMB4,000,000	5
RMB4,000,001 and above	10

Details of the remuneration of the Directors for the year ended 31 December 2015 are set out in note 10 to the consolidated financial statements.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS/ INVESTOR RELATIONS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Company's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the most informed investment decisions. The goal of our communication activities is to provide a true and fair view of the Company. A Shareholders' Communication Policy has been published and is available on the Company's website.

In order to enhance the transparency of corporate information and comply with the relevant regulatory regime, the Company has been disseminating inside information regarding the monthly sales information in the form of announcements through the electronic publication system of the Stock Exchange as well as the website of the Company since January 2013 for equal, timely and effective access by the public. Announcements regarding the monthly sales updates are prepared on the basis of internal management records.

In addition, the connected and major transactions are reviewed and assessed by the Board or an independent Board committee as required for such purposes before submission at shareholders' meetings for approval and/or public disclosure (if necessary).

The Company uses various channels and platforms, including its annual and interim results announcements, press conferences and analyst briefings, as well as various industry conferences, to ensure the timely release of important messages.

Major Investor Relations Events in 2015/2016

2015	Date	Event	City/Country
January	6	DBS Vickers Pulse of Asia Conference	Singapore
	7	Barclays Select Series: China Property Corporate Day 2015	Hong Kong
	8	BNP Paribas Asia Pacific Property & Financial Conference	Hong Kong
	12	UBS Greater China Conference 2015	Hong Kong
March		2014 Results Roadshow	Hong Kong, Singapore, US and Europe
April	16-17	2015 UBS HK China Property Conference	Hong Kong
	22	DBS Vickers HK China Property Day	Hong Kong
May	5	Macquarie Greater China Conference	Hong Kong
	14-15	HSBC China Conference	Shanghai, China
	21-22	Barclays Select: Asia Financial & Property Conference 2015	Hong Kong
June	1-3	J.P. Morgan's 11th Annual Global China Summit:	Bejing, China
	8	db Convertibles APAC Conference	Hong Kong
July	6	Credit Suisse China Property Corporate Day	Singapore
	9	Bank of America Merrill Lynch Greater China Property Corporate Day	Hong Kong
August		1H2015 Results Roadshow	Hong Kong, Singapore
September	16-17	BAML 2015 Global Real Estate Conference	New York
October	21-22	Investor Day / Reverse Roadshow	Shanghai, China
November	3-4	Credit Suisse China Investment Conference	Shanghai, China
	11	Goldman Sachs China Conference 2015	Shanghai, China
	12	Daiwa's 11th Asia CB conference	Hong Kong
	13	Nomura Asian High Yield Corporate Day	Hong Kong
	17-19	Morgan Stanley's Fourteenth Annual Asia Pacific Summit	Singapore
December	1	Credit Suisse 2015 APAC Financials and Property Conference (Hong Kong)	Hong Kong
2016	**Date**	**Event**	**City/Country**
January	7	BNP Paribas Asia Pacific Financials, Property & Logistics Conference	Hong Kong
	8	Barclays Select Series: China Property Corporate Day 2016	Hong Kong

Information released by the Company to the Stock Exchange is also published on the Company's website, which is regularly updated with corporate developments. Key events regarding financial results, business developments and operations are also announced on a timely basis to investors through the corporate website. With a free subscription, registered shareholders and investors can receive automatic email alerts and press releases on the Company's public announcements. Request forms for site visits and management meetings, as well as contact details of persons on the investor relations team can also be found on the Company's website.

To maintain and improve the visibility of the Company in the financial community, the Company held numerous road shows and participated in investor conferences during the year ended 31 December 2015. The management and the investor relations team met hundreds of investors personally to discuss the Company as well as its development and strategies in conference calls and video meetings.

The general meetings of the Company provide the best opportunity for the exchange of views between the Board and shareholders. The Chairman of the Board as well as Chairmen of the Audit Committee, Remuneration Committee, Nomination Committee and Finance Committee or, in their absence, other members of the respective Board committees and, where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings. The Chairman of the independent Board committee (if any) is also available to answer questions at any general meeting for approval of a connected transaction or any other transaction that is subject to independent shareholders' approval.

To enhance communication with shareholders at the Company's annual general meeting and extraordinary general meeting, the conducting language has been changed to Cantonese with simultaneous interpretation in English. Most of the Directors were present at the Annual General Meeting held on 27 May 2015. The general meetings provided shareholders with a useful forum to exchange views with the Board.

To further enhance and provide more direct communications with the Company's shareholders, a Networking with Shareholders session was conducted immediately after the Annual General Meeting. During the session, shareholders had the chance to discuss matters directly with the senior management of the Company, have their questions answered and learn about the latest business initiatives and long-term development strategies of the Company. Networking opportunities held by the Company were well attended by the Company's shareholders.

The Company continues to enhance communications and relationships with its investors. Designated members of the senior management of the Company maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's development. Enquiries from investors are dealt with in an informative and timely manner.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Articles of Association.

Poll results are made available by way of an announcement, which is published in accordance with the Listing Rules.

Pursuant to Article No. 66 of the Company's Articles of Association, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right to require an extraordinary general meeting of the Company ("EGM") to be called by the Board by written requisition to the Board or the Company Secretary of the Company. Shareholders should specify the business they wish to discuss at the EGM in the written requisition. Shareholders may put forward proposals at general meetings of the Company in the same manner as set out above.

The Board shall arrange to hold the EGM within two months after deposit of such requisition. If within 21 days of deposit of the written requisition the Board fails to proceed to convene the EGM, the shareholders themselves may do so in the same manner, and all reasonable expenses incurred by the shareholders shall be reimbursed to the shareholders by the Company.

Shareholders may at any time direct their enquiries about the Company to the Board by writing to the Company's place of business in Hong Kong at 34/F, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong, or by email to sol.ir@shuion.com.cn.

Shareholders may also put forward their enquiries to the Board at the general meetings of the Company.

AWARDS RECEIVED

With respect to the financial year ended 31 December 2015, the Company was awarded The Best of Asia 2006-2015 Asia's Icon on Corporate Governance, organised by Corporate Governance Asia and the 2014 China Real Estate Shanghai Property Agents Annual Meeting – Most Influential Property Developer recognition organised by Oriental Morning Post. Additionally, the Company's annual report for the year ended 31 December 2013 was named among the 100 Best Annual Reports of 2014 International at the ARC Awards.

COMPANY SECRETARY

Mr. UY Kim Lun, our Company Secretary, is an employee of the Company and is appointed by the Board. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with the shareholders and with the management. During the year ended 31 December 2015, Mr. UY had undertaken not less than 15 hours of relevant professional training to update his skills and knowledge.

CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of the Company during the year ended 31 December 2015.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but also about promoting and developing an ethical and healthy corporate culture. The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, integrity, accountability, sustainable development and independence. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. We have also experienced the trust of our shareholders, especially our minority shareholders, noting that they and the investment analyst community have lent the Company their full support based on their recognition of our efforts to enhance corporate governance. All views and suggestions from our shareholders to promote transparency are welcome.

Wuhan Tiandi has matured with a mix of commercial, office and residential elements

GROWING WITH COMMUNITY

The Group takes an active part in trees planting activities and sets a good example to support sustainable development

Shui On Land is guided by a customer-oriented business philosophy and a strong sense of social responsibility. When we build the developments for which we have become renowned, we not only plan them with the greatest attention to detail. We do so in a way that brings man and the environment, business and society into harmony.

COMMUNITY DEVELOPMENT

As a responsible property developer, we know we must contribute to the wellbeing of the community above and beyond developing our business. We design and implement measures to enhance the community's environment and, together with the government, work to improve people's standard of living. We are committed to fulfilling our corporate social responsibility in the areas of Community, Environment and People.

INNOVATION THROUGH NURTURING

We support the long-term development of society by nurturing young people and encouraging innovation.

In 2015, we partnered with iLab of Fudan University's MBA programme to conduct a case study on InnoSpace. As part of this case study, we upgraded the skill sets of Fudan University's MBA students by providing them with a platform to learn management theories and their commercial applications. The Group's collaboration with iLab was an organic combination of production, learning and research, which advanced the growth of both parties.

The 5th International Entrepreneurship Training Camp organised by InnoSpace last year was a success. The InnoSpace International Entrepreneurship Training Camp is a 16-week entrepreneurship incubation-acceleration project that aims to help Internet and mobile Internet entrepreneurs to bring their ideas from the conceptualisation stage to realisation. In the four training camps conducted since 2013, more than 30 initial-stage Internet start-ups have obtained investments, over 50% of which have received follow-up financing. The highest valuation for an individual project was more than RMB40 million with an increase in value of 20 times.

The Knowledge & Innovation Community ("KIC") held another International Hackathon in July. Under the theme Cross-over Creation, the hackathon focused on smart hardware and developers of smart homes. A brainchild of the KIC, this hackathon has been held regularly since 2012 in collaboration with partners such as Silicon Valley business incubator InnoSpring, Hong Kong's Cyberport and Japan's Mitsui Fudosan. As Shanghai's longest running hackathon, it has hosted the first Shanghai-Hong Kong Hackathon in 2012, the first China-US Hackathon in 2013 and the first China-Japan Hackathon in 2014.

DEVELOPMENT THROUGH CULTURAL EXCHANGE

We help respected industry bodies promote international exchanges in order to provide the rapidly growing Chinese property market with a more global perspective.

During the year, the Group co-organised a seminar with Yabuli China Entrepreneurs Forum, in which entrepreneurs from the mainland and Hong Kong spoke about growth opportunities arising from the nation's "One Belt, One Road" strategic framework. Topics under discussion included Hong Kong's economic prosperity and mainland China's economic development, as well as collaborations between mainland and Hong Kong companies for strategic growth.

We also sponsored the Urban Land Institute's 2015 Chinese Mainland Winter Meeting to promote the theme of Green Technology and Sustainable Development. This year's annual meeting of the Urban Land Institute in Mainland China focused on innovation in real estate and featured expert forums and the Young Leaders Group Mentorship Event.

In 2015, the Chongqing Tiandi Tourist Area was officially named a National AAAA Tourist Attraction by the Chongqing Tourism Bureau. This unique riverside eco-tourism and commercial district in Chongqing includes the Chongqing Tiandi Leisure and Entertainment Quarter, as well as the biggest manmade lake and wetlands park in the municipality's central area. It has been a popular attraction since opening in 2010. To increase the tourism appeal of Chongqing's central area, the Chongqing Tiandi Tourist Area underwent a full upgrade, including the introduction of new tourism vendors, Asia's first shark restaurant and the only undersea amusement park in Chongqing's central area.

We also provide opportunities for cultural exchange and enrichment of the public's appreciation of culture and the arts by bringing in high-quality exhibitions and performances. At Shanghai Xintiandi's 2,000-square-metre art space in Taiping Lake, an exhibition of the art of Vincent Van Gogh, Van Gogh Alive: the Experience, was held during the year. Featuring an audio-visual feast of over 3,000 works, this sensory exhibition subverted the traditional notions of what an art exhibition should be. As one of the highlights of the 2015 Shanghai International Arts Festival, this event made use of the latest SENSORY4™ media technology to combine a multimedia gallery and a bespoke exhibition space for an art exhibition that continues to dazzle the world.

Shanghai Xintiandi also presented the Free Your Style – 2015 RIBA Windows Project @ Shanghai Xintiandi in April. As one of the events of the 2015 China-UK Year of Cultural Exchange, this was the third time Shanghai Xintiandi had worked together with the Royal Institute of British Architects (RIBA) and the British Consulate- General's Cultural and Education Section. New ways of using public space combining both architecture and fashion were demonstrated at Xintiandi Style shopping mall and Corporate Avenue. For the two month-long event, Shanghai Xintiandi invited nine RIBA-certified British architectural firms to collaborate with nine brands to design fashionable, architecturally-inspired shop windows.

Shui On Seagull Club presents love and care to exceptional children

The World Music Festival organised by China Xintiandi was held in October in four locations: Shanghai, Wuhan, Chongqing and Foshan. The music festival brought outstanding music performances from all over the world and an extraordinary artistic experience to audiences in China. Now in its fourth year, the festival features cross-cultural and diverse music styles. It also coincided with the October Golden Week holidays for the first time with the launch of the first show at Shanghai Xintiandi on 1 October, followed by performances at THE HUB, Wuhan Tiandi, Chongqing Tiandi and Foshan Lingnan Tiandi. Seven groups of world-class artists, who are national treasures at home and who rarely perform in China, presented a variety of music styles, including jazz, rock and roll, electronica, flamenco and Latin American cumbia.

In partnership with Savour, Asia's gourmet festival, THE HUB presented a destination for foodies at the open square of THE HUB Mall in October. Rated as "one of the world's best food festivals" by CNN, Savour made its first stop in Mainland China after delighting 100,000 participants in Singapore, Hong Kong and Jakarta. At the festival were Michelin-starred chefs from all over the world showcasing their signature creations as well as interactive events such as the Gourmet Market, workshops and the Celebrity Chef Auditorium. This epicurean journey allowed participants to enjoy good food, partake in exciting activities and interact with celebrity chefs.

Shui On Seagull Club takes care of every child with heart

In November, Wuhan Tiandi and the Hubei Province Writers' Association jointly held a literary event, Giant's Desert – a Reading of Works by Le Clézio and a Conversation without a Theme. At the event, French author and winner of the 2008 Nobel Prize in Literature, J. M. G. Le Clézio, shared his passion for literature and writing with other famous writers, literature lovers and university students.

The promotion of traditional customs and culture is also an important part of the Group's support for heritage conservation.

Foshan Lingnan Tiandi hosted a mass traditional wedding during the year for nine couples, who had registered at Guangzhou, Foshan and Hong Kong. Under the theme Wedded Bliss in Lingnan with Heaven and Earth as Our Witness, the event was the only mass traditional wedding in China showcasing 300 years of wedding customs. At Foshan Lingnan Tiandi's Marriage House, the couples took part in traditional wedding customs such as putting on traditional wedding costumes, riding on wedding palanquins, kicking the palanquin doors, walking over a flaming basin and kowtowing to their parents. Adding cheer to the happy occasion were a female wedding coordinator *(dai kum je)* and the Good Luck Man *(ho meng gung)*.

CARE FOR THE COMMUNITY

From the beginning, we have showed our concern for the disadvantaged by supporting various charitable activities. We also encourage our employees to take part in volunteer work and to help those in need by giving every staff member two days of annual volunteer day holidays.

In 2015, we initiated the charity project, Huaihai Healthy Building Chapter 2: Love. For this project, we joined the Luwan Special Needs Education School, which is affiliated with East China Normal University, to set up a long-term voluntary service platform that gives office workers more opportunities to become involved in charity. Four thematic activities and six courses were held in 2015, with 66 employees of the Group participating in volunteer activities.

In July, Shui On Seagull Club together with Corporate Culture Enhancement Committee organised the Shui On Cup, a charity football match and donation drive. Through this event, the Club raised RMB20,000 in donations from the seven participating football teams, including teams representing Bank of China, Bank of East Asia and Shui On Land. The full amount was donated to the Shanghai Volunteers Foundation to assist Luwan Special Needs Education School. During the same period, Shui On Seagull Club received RMB60,697 from staff members in Shanghai, RMB15,050 from Foshan, RMB9,848

The Group set up a football team and hosted the 1st Shui On Cup Charity Soccer Game

from Wuhan, RMB14,249 from Chongqing and RMB5,420 from Dalian. The total amount of RMB105,264 was donated to Feng Cheng Property Management employee Pan Yangyang, who suffers from uraemia.

The popular KISSMAS Tree was back on 23 November for the third consecutive year. The lighting up ceremony to celebrate 2016 was held at Xintiandi South Piazza, heralding the beginning of the KISS SHANGHAI – Shanghai Xintiandi Christmas Celebration. As the event also helps disabled children fulfil their artistic dreams, Shanghai Xintiandi, its tenants and CNR Mobile contributed to the Dream Program by matching every kiss with a donation.

In May, the Wuhan Children's Welfare Office organised the first-ever sale of artworks, calligraphic works and handicrafts created by disabled and orphaned children, as well as a Children's Day celebration. Volunteers from the Wuhan Seagull Club and company staff bought seven of the children's creations and watched the children put on an exciting show. In August, the Seagull Club organised a summer activity for children of migrant workers at Zhongtian and SOCAM Development. Seventeen groups of children of migrant workers took part in a picture book club activity at Wuhan Xintiandi, and each family was given three cinema tickets.

In November, the Seagull Club together with Hong Kong's Worldview Childhood Education Foundation and Chongqing Women's Federation held a professional training activity for over 20 kindergarten teachers from Chongqing's Nanchuan and Fuling Districts, who work with children from remote rural areas.

In June, Seagull Club volunteers made their fifth visit to students from impoverished families in Zhuanghe City's Changling Township. The Dalian Seagull Club has taken an interest in students from Zhuanghe since 2012, and each year volunteers visit the area to take part in student activities and bring items donated by the staff of our Dalian developments. The Dalian Seagull Club has been helping these children since their elementary school year and will continue to assist their development. In November, members of the Dalian Seagull Club also donated winter clothing and books to villagers and children living in the remote mountain areas of Liangshan Prefecture in Sichuan. Dozens of boxes of clothing and other items were given to the villagers before the start of winter.

In April, the Foshan Seagull Club and the Youth Caring Association of Foshan organised a learning visit for children of migrant workers studying at Foshan Love School to Foshan Lingnan Tiandi. The staff of Foshan Lingnan Tiandi's Tourist Centre explained the histories of various locations in Foshan Lingnan Tiandi and the preservation of Lingnan culture.

In May, the Foshan Seagull Club held a charity walk at Lüdao Lake in Foshan. Over 60 staff took part in the walk and raised a total of RMB53,629. In July, Foshan Seagull Club and the Urban Construction Bureau of Land & Water of Chancheng District in Foshan went to the Lei'er Elementary School in Qingyuan City's Leikeng Village. They donated teaching equipment and stationery to the school and helped set up a book corner. They also provided daily necessities to impoverished households in the village. The funds for this activity came from donations raised at the charity walk organised by Foshan Seagull Club in 2015.

In September, Foshan Seagull Club together with the Langui Community Neighbourhood Committee and Langui Integrated Family Services Centre invited elderly residents living alone and other disadvantaged groups in the community for a Mid-Autumn Festival celebration.

EMPLOYEE TRAINING AND DEVELOPMENT

Identifying high-calibre employees at an early stage and preparing them to take on management and leadership responsibilities is a major objective for the sustainable growth of the Group. Three programmes are offered:

MANAGEMENT CADET (MC) PROGRAMME

This fast-track development programme was established in 2002 for all internal staff with at least three years of work experience, focusing on their potential for taking up core management positions in an accelerated time frame. As of 31 December 2015, there were 24 management cadets, of whom 15 had completed the programme.

MANAGEMENT TRAINEE (MT) PROGRAMME

Established in 1997, this programme prepares fresh graduates to take up management positions. Under the guidance of mentors, the trainees take three years of rigorous training in personal development and management skills. The Group recruited 9 new members in 2015. As of 31 December 2015, 15 management trainees were enrolled in the programme.

GRADUATE TRAINEE (GT) PROGRAMME

Aiming to develop fresh graduates to take up relevant professional positions in the Group, this programme provides industry-specific training, as well as teaching essential management techniques. The duration of the course varies for different professional streams Throughout the programme, job rotation arrangements are made for each trainee, and a six to twelve months secondment to external professional institutions is also arranged where applicable. As of 31 December 2015, there were 45 graduate trainees enrolled in the programme.

SUSTAINABLE DEVELOPMENT

In 2006, we announced our Sustainable Development Policy and set up a Sustainable Development Committee. In the last nine years, we have abided by our sustainable development principles at all levels of the Group in our projects, made use of innovative green technology in our buildings and created green communities for our customers.

To achieve sustainable development, the Group insists on the following:

GREEN PLANNING

We incorporate green and healthy development principles into our community development models. We plan our communities taking a mixed-used approach and make use of smaller plots of land, denser road networks, public transport-oriented planning, open spaces and pedestrian-oriented street designs so that residents can enjoy convenient, healthy and comfortable lifestyles and become less dependent on cars. Our objective in designing sustainable communities is to obtain LEED – Neighborhood Development (ND) certifications for all our large-scale projects. The Group currently holds the largest number of LEED – Neighborhood Development (ND) Stage 2 Gold certifications in China, with a certified area of 9,305,700 square metres.

GREEN DESIGN

We consider sustainable development principles in our building design, from conserving energy and water to using less land and fewer materials, to protect the environment and reduce pollution. We have also incorporated more than 100 sustainable technologies into our projects to bring clients healthy, usable and efficient spaces and buildings that are in harmony with the environment. We are committed to having all our newly built commercial projects certified by LEED or China Green Building, and all our new residential projects are certified by China Green Building.

Additionally, our green designs make use of many sustainable technologies, including many efficient energy-saving and emission-cutting features. We advocate using less on the basis of a healthy and comfortable lifestyle and promote the notion that environmental protection is a way of life.

GREEN CONSTRUCTION

We advocate green practices in the workplace by using green or recyclable materials to save resources and minimise the waste we generate. On our construction sites, we have adopted a number of measures with a focus on recycling and reuse of waste materials, providing sufficient storm water runoff facilities, and closely monitoring the indoor working environment. These efforts have helped to ease the impacts of our construction work while creating a healthy working environment for construction workers.

GREEN OPERATIONS

The Group's China Xintiandi and Shanghai Feng Cheng Property Management Co., Ltd. provide professional operations and property management services for our projects. In its operations, Shanghai Feng Cheng Property Management ensures that the carbon emissions of our properties will continue to decrease by making sure that each energy-saving and emission-cutting measure implemented in our properties are effective and our older properties undergo energy-saving refitting. In February 2012, we obtained a Class-A Qualification certificate issued by the Ministry of Housing and Department of Urban-Rural Development of China.

RECOGNITION FOR OUR RESULTS

Our developments are benchmarked against the highest international standards.

In January, Lot 18 of Foshan Lingnan Tiandi received China Green Building Design Label 2 Star rating. In March, Lot B11 Phase 1 of Chongqing Tiandi received LEED-Core and Shell (CS) certification Gold level. In June, Lot A1 (Office Building) Wuhan Tiandi received the LEED-Core and Shell (CS) pre-certification Gold level. In July, Lot 19 of THE HUB (Exhibition and Performing Centre) received China Green Building Design Label 3 Star rating. In August, our Knowledge & Innovation Community received LEED-Neighborhood Development (ND) 2009 Version Stage 2 Gold level (pre-certification). In the same month, Shanghai Huangpu District Development and Reform Commission presented Shui On Plaza with 2015 Key Energy Saving Project of Huangpu District certificate for its outstanding energy saving performance and RMB96,000 as an enabling fund for energy conservation. In September, Lot B1-5 of Wuhan Tiandi received LEED-Core and Shell (CS) pre-certification Gold level. In October, THE HUB received Shanghai Green Building Contribution Award from the Shanghai Green Building Council. In the same month, Lot 2 and Lot 9 of Rui Hong Xin Cheng received China Green Building Design Label 2 Star rating. In November, Lot 116 of Taipingqiao and Lot 3 of Rui Hong Xin Cheng received China Green Building Design Label 2 Star rating.

SUSTAINABLE BUILDING QUALITY

We continued to apply the world's most advanced planning concepts, designs, construction methods and materials technology in our projects.

The Knowledge & Innovation Community, which received LEED – Neighborhood Development (ND) 2009 Version Stage 2 Gold Level (pre-certification) last year, is a multi-purpose, mixed development community on smallparcels, with dense road networks and buildings to be built along the surrounding street wall and form centre courtyards enclosed layout. KIC injects new vitality into the Jiangwan Sports Center, a protected historical structure, and is a model green community in Shanghai with convenient public transport access, street designs that encourage walking, and scattered green public spaces. Most of the commercial buildings at KIC are already LEED-certified, and most of the residential buildings have received China Green Building certifications.

THE HUB is a leader in green certification in the SHANGHAI HONGQIAO CENTRAL BUSINESS DISTRICT with all its buildings having received LEED or China Green Building certification. This project features many open spaces within high-density but people-friendly neighbourhoods and an aesthetically-pleasing modern skyline. It also employs sustainable development strategies such as district cooling and heating, high efficiency electromechanical systems, rainwater and reclaimed water collection and recycling, heat recycling systems, and carbon dioxide sensors to improve indoor air quality, among other sustainable features.

In light of the growing concerns over outdoor air pollution, the Group is working with the Shanghai Research Institute of Building Sciences so that our residential and commercial properties can achieve good to excellent indoor air quality. The indoor air quality of Group's properties is displayed in public spaces. At 5 Corporate Avenue in Shanghai, for example, the real time display shows indoor temperatures, humidity, PM2.5 content and carbon dioxide levels. To make our tenants and owners more aware of energy saving and emissions cutting, the real time energy consumption level of the building is also displayed.

The Group's China Xintiandi and Feng Cheng Property Management Co., Ltd. continued to work on cutting energy and emissions in line with the Group's sustainable development strategy. The management policies adopted last year include:

- Monitoring and managing the energy consumption of single buildings by using the Group's energy consumption monitoring system
- Improving China Xintiandi's facilities maintenance processes and equipment
- Making regular energy-saving checks and equipment, with a focus on the key facilities of individual projects. The main measures include the following:

– Using the latest smart control system (UPPC) to upgrade the central air conditioning automatic controls

– Improving the Building Automatic Control System to further optimize the operations of the central air-conditioning system, public lighting, ventilator and water features

– Making the gas and heat from the boilers recyclable

– Adding radar-sensor LED lights in the basement

– Using river water for irrigation and water features

QUANTITATIVE MANAGEMENT

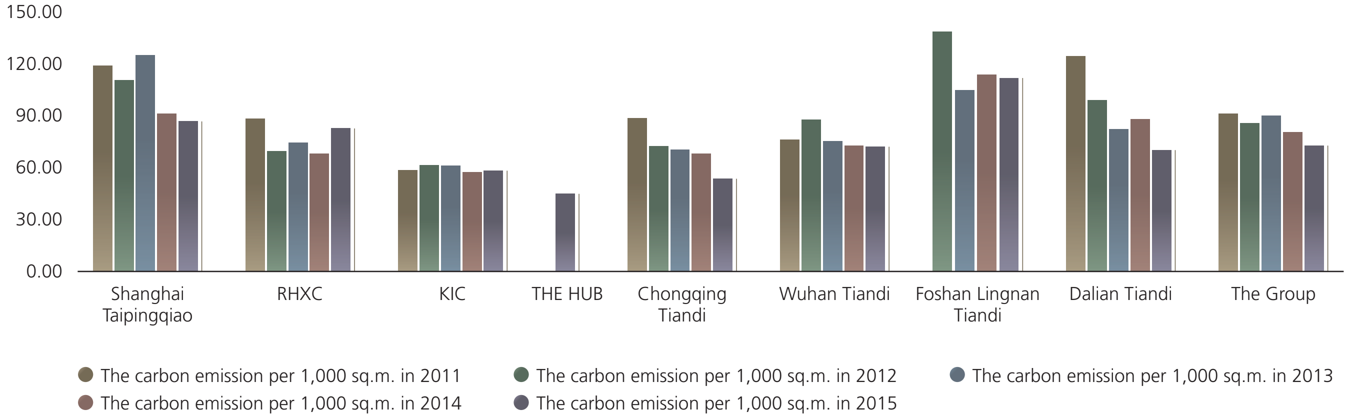
In an effort to reduce or control our greenhouse gas ("GHG") emissions, in 2010 we hired a third-party certification body to quantify the greenhouse gas emissions of our office operations, making us one of the few property companies on the Mainland with a carbon management system.

From 1 January to 31 December 2015, we had a total of 30 owned properties in normal operation. Carbon audit shows that the carbon emission generated by the business activities of the Group's owned properties in normal operation was 77839.33 tons of carbon dioxide equivalent in 2015. Compared to 2014, the Group added two more properties in normal operation in 2015. With the sustained implementation of energy-saving and emission-cutting measures, together with the company's strategic sale of operations outsourcing for Corporate Avenue in Shanghai and ITTD in Dalian, the Group's total carbon emission fell 11.56% compared to 2014. (The above data was audited in strict compliance with ISO14064 and will soon be independently verified by TUV Rheinland (Shanghai).)

Based on carbon emission per 1,000 sq.m., the level of carbon emission generated by the Group's owned properties in normal operation was 80.35 tons/1,000 sq.m. of CO_2e in 2014. In 2015, the figure was 72.61 tons/1,000 sq.m. of CO_2e, a decrease of 9.64 %.

Compared to 2011, our carbon emission per 1,000 sq.m. in 2015 was reduced by 20.26%, meeting our carbon emission target. However, as the Group is expecting several high energy-consuming office buildings and big shopping malls to begin operations in 2016, huge challenges remain. The Group will work hard to deliver on our commitment to the public for achieving a 20% reduction target in carbon emissions per unit area in our owned properties in normal operation for the period 2011-2016.

COMPARATIVE CHART OF SHUI ON'S CARBON EMISSION PER SQUARE METER IN 2011-2015



* No property in the Foshan Project was under normal operation in 2011
* No property in THE HUB was under normal operation before 2015
* Corporate Avenue was sold and therefore excluded from the statistics for 2015

Following improvements in facilities and operations in 2015, most projects achieved good emission performance this year.

The Group has upgraded the LED lighting in most of its residential properties, controlling the loop points of the lighting based on lighting usage and time adjustment. Lighting control and sensors also reduce light pollution and energy consumption effectively. For office buildings and commercial projects, the Group focuses on upgrading the automatic group control of the central air-conditioning systems by using new smart control systems (UPPC, McQuay, Johnson Controls, etc.), and on enhancing existing energy control systems. In power and energy management, we adjusted the circuit loads of electricity load hours to enhance the transformers' efficiency. Reactive power compensators were upgraded to improve the efficiency of electricity use. We also changed the large capacity transformers based on the adjustments to the operations format.

In 2015, we boosted our carbon-emission management by monitoring the use of air-conditioning refrigerant. By accurately measuring the use of refrigerant in actual operations, we achieved significant reduction in the measurement of carbon-emission in this area.

Among the 30 projects, 19 saw a 2%-17% drop in carbon emission per unit area compared to 2014 – 7.5% for Shui On Plaza, 13.9% for Xintiandi Style, 7.6% for Lot 5 of KIC, 18.1% for Chongqing Tiandi, 9.4% for Marco Polo Lingnan Tiandi Foshan, 9.7% for the clubhouse of The Riviera III in Chongqing, 12.2% for Lot D22 of Huangnichuan in Dalian, and 13.2% of Lot D14 of Huangnichuan in Dalian.

In 2014, we became one of the first companies to disclose our carbon footprints on the website Carbon Footprint Repository for Listed Companies in Hong Kong. By revealing the Group's carbon footprint, not only do we allow the public to monitor our progress in carbon-emission reduction, it also demonstrates our actual contribution to global energy-saving and emission-reduction efforts.

We are also collecting and analysing energy consumption data from our actual operations. Based on analyses of the buildings' energy consumption, we are able to control energy consumption in real time, monitor energy consumption at key facilities, and identify abnormalities in energy consumption so that we can correct them.

In 2015, we continued our cooperation with Beijing Persagy Energy Saving Company Ltd. to build an energy consumption management system for the Group. At the moment, the Group's Shui On Plaza, Lot 5-3/6-1 of KIC, and Lot D17 of THE HUB have been added to this management system, which provides real-time energy-consumption in their three properties. The energy monitoring systems of Lot D19 of THE HUB, Lot 3 of Rui Hong Xin Cheng, Lot B12-3/4 of Chongqing Tiandi, Lot A123 of Wuhan Tiandi, and Lot E of Foshan Lingnan Tiandi are already being set up. As for Lot 10 of Rui Hong Xin Cheng and Lot B45 of Wuhan Tiandi, their energy monitoring systems are in the design and planning stage.

WORKING TOGETHER FOR SUSTAINABLE GROWTH

We believe that sustainable development requires everyone's participation. To raise public awareness of environmental protection and promote the concept of sustainable development, we share our experiences with industry and the public, and sponsor and support various green activities.

The Group held the 4th Shui On Land Sustainable Development Forum at Taipingqiao in November. The theme of the forum was Urban Regeneration – Sustainable Development, with industry experts and key people from China and overseas exploring the opportunities and challenges inherent in China's urban regeneration process. Among the topics discussed were the significance and practicability of urban functional planning, urban culture and lifestyles on promoting urban regeneration and the community's sustainability. At the forum, we presented our independent corporate social responsibility report and shared our three major CSR principles: urban sustainability, community prosperity and people's growth, as well as the innovative measures we have taken on our sustainability journey.

At the project level, the theme of "Green Growth "tree-planting charitable event has been started at Dalian Tiandi Greenview Heights from April. This kind of event which aims at promoting environmental protection, was very popular among white-collar families who desire a low-carbon, eco-friendly lifestyle. Over 60 clients came to the Greenview Heights sales centre to take part in the event. Dalian Tiandi has not only chosen low-carbon and energy-saving planning and construction in its project development, it has also played a leadership role in promoting a healthy lifestyle through a variety of hands-on environmental awareness activities since the project began.

Rui Hong Xin Cheng • The Gallery provides convenient public transportation and pedestrian-friendly environment

SUSTAINABLE DEVELOPMENT INITIATIVES

Group	Achieve/Target-Green Building Certification	Features
1. Shui On Land Ltd HQ –26/F, Shui On Plaza	Achieved LEED-Commercial Interiors (CI) Certification Silver level	CO_2 Sensors to increase indoor air quality; daylight sensors; addition of task lights; water conserving sanitary fixtures.
2. Shui On Land Ltd HQ –25/F, Shui On Plaza	Achieved LEED- Commercial Interiors (CI) Certification Silver level	
3. KIC Project Office – KIC Plaza Building 10	Achieved LEED- Commercial Interiors (CI) Certification Gold level	Lighting power and lighting controls; double Low-E glazing window with thermal break; water saving sanitary fittings; HVAC zoning controls; low emitting materials; materials reuse; thermal comfort design; long-term commitment to energy saving.
4. Chongqing Project Office – Lot B12/01	Target to achieve LEED-Commercial Interiors (CI) Certification Gold level	BMS intelligent management system; demand control ventilation; water saving sanitary fittings; thermal comfort design.
Projects – Master Planning stage	**Achieve/Target-Green Building Certification**	**Features**
1. Wuhan Tiandi	Achieved LEED-Neighborhood Development (ND) Pilot Version Stage 2 Gold level (Pre-certification)	Energy, water and waste savings by mixing land uses, connecting to public transit systems, utilising existing cultural and architectural characteristics, building at appropriate densities and orienting the development to maximise solar and wind access; district-wide infrastructure, including centralised heating and cooling, water source heat pumps, rainwater collection and recycling, and comprehensive green roof systems.
2. Chongqing Tiandi	Achieved LEED-Neighborhood Development (ND) Pilot Version Stage 2 Gold level (Pre-certification)	
3. Dalian Tiandi	Registered for LEED-Neighborhood Development (ND)	Encourage use of public transit systems and appropriate development densities to preserve the unique natural environment; orient buildings to maximise natural wind ventilation to mitigate temperature extremes; use of solar and wind energy for solar hot water system and wind turbines, Non-potable rainwater system, grey water recycling and green roof; carbon assessment for master plan, encourage low carbon life style.
4. Foshan Lingnan Tiandi	Achieved LEED-Neighborhood Development (ND) 2009 Version Stage 2 Gold level (Pre-certification)	City core site selection with high existing development density and small pedestrian-friendly blocks; preservation and adaptive reuse of 22 heritage architecture sites and numerous historic buildings; integrated public transport systems; improved indoor air quality through building orientation and wind harvesting; high performance building fabric; reuse and recycling of project construction materials; use of solar energy and daylight, centralised air conditioning; green roof and green wall, rainwater recycling; carbon assessment for master plan, encourage low carbon life style.
5. Shanghai Rui Hong Xin Cheng	Achieved LEED-Neighborhood Development (ND) 2009 Version Stage 2 Gold level (Pre-certification)	Located in a dense urban area; Extending the street scale and the context of the original community, with a reasonable street scale and a compact development, to save the rare land resources of downtown and improve the added value of the land; mixed develop land uses, creating a distinctive and multi-function integrated community; encouraging alternative trip model by transit vehicle, walkable street and pedestrian system, all integrated into road design and transport system; connecting public centre and the urban public transportation system through the pedestrian system, to bring an accessible and convenience environment, and reducing the transportation carbon emissions at the same time; adopt enhanced exterior wall thermal insulation, energy-efficient municipal infrastructure and lighting equipment, at least level II energy efficient air conditioning and water heat equipment, etc. to maximise the reduction of the energy consumption; adopt grey water reuse, high-efficiency irrigation, water efficient plumbing fixtures, etc. to save and optimize the utilisation of water resources; adopt green roof, exterior landscape and open space optimisation, to improve the both indoor and outdoor environments and air quality, and minimize the heat island effect. Encourage waste separation and adopt waste recycling strategy to minimize the environment impact of waste disposal. Use a carbon footprint assessment to assess and encourage a low carbon development.

Projects – Master Planning stage	Achieve/Target-Green Building Certification	Features
6. Shanghai Taipingqiao	Achieved LEED-Neighborhood Development (ND) 2009 Version Stage 2 Gold level (Pre-certification)	striving to manifest the "Total Community, mixed-use development" concept, providing a full range of modern facilities for residential, office, retail, entertainment and leisure; creating a strong and dynamic community that encourages walking, requiring a minimum of 50% of dwelling units to be within 800m walking distance of at least 10 of different use types; preserving the historical and cultural heritage of the area, such as Shi Ku Men; promoting the city's unique identity but also ushers in a modern lifestyle and facilities to the community; incorporating green technologies through the development such as water saving landscape irrigation, water saving sanitary fittings etc.
7. Shanghai KIC	Achieved LEED-Neighborhood Development (ND) 2009 Version Stage 2 Gold level (Pre-certification)	Provide live-work-play-learn knowledge and innovation community; mixed use development; small blocks and fine grained streets; Wai-style layout; pedestrian friendly, convenient public transportation and close to subway station, various bus lines; many outdoor and indoor events spaces, and surrounded with sports and leisure places; provide open, green spaces to local residents; protected historical architecture was renovated to become a dynamic health-oriented center.

Projects – Development stage	Achieve/Target-Green Building Certification	Features
1. Wuhan Tiandi Lot A4, Wuhan (Entertainment & Retail)	Achieved LEED-Core & Shell (CS) Certification Gold level	Outdoor radiant cooling/heating; outdoor spot cooling/heating; rain water collection & recycling; green roof; double Low-E coated window glazing; recycling and local material utilisation; natural ventilation; low-flow plumbing fixtures and water saving sanitary fittings.
2. Wuhan Tiandi Lot A5, Wuhan (Office)	Achieved LEED-Core & Shell (CS) Certification Gold level	Increased green ratio; high performance glass curtain wall; low-flow plumbing fixtures and water saving fittings; low-emitting materials/finishes; high performance HVAC system.
3. Wuhan Tiandi Lots A1/2/3, Wuhan (Office & Hotel & Retail)	Achieved BREEAM Pre-certification "Very Good" level	Water leakage detection, Food composting, energy wheel, CO_2 sensor control; Day-lighting sensor for atrium, Double Low-E coated window glazing, Occupancy sensor in back of house area, Recycling and local material utilisation.
4. Wuhan Tiandi Lot A1, Wuhan (Office & Hotel)	Office achieved LEED-Core & Shell(CS) Pre-certification Gold level	Water leakage detection, Food composting, energy wheel, CO_2 sensor control; Day-lighting sensor for atrium, Double Low-E coated window glazing, Occupancy sensor in back of house area, Recycling and local material utilisation.
5. Wuhan Tiandi Lot B9, Wuhan (Residential)	Achieved Chinese Green Building Design Label 2 Star rating	Rainwater collection and recycling; water saving sanitary fittings; water saving landscape irrigation system; natural ventilation; underground car park; reasonable location; roof garden and water feature; permeable paving material.
6. Wuhan Tiandi Lot B11, Wuhan (Residential)	Achieved Chinese Green Building Design Label 2 Star rating	Rainwater collection and recycling; water saving sanitary fittings; water saving landscape irrigation system; natural ventilation; underground car park; reasonable location; roof garden and water feature; permeable paving material.
7. Wuhan Tiandi Lot B20 Club House, Wuhan (Residential)	Achieved Chinese Green Building Design Label 3 Star rating	Rainwater collection and recycling; water saving sanitary fittings; Water saving landscape irrigation; recycling material; roof garden and water feature;CO_2 sensor; permeable paving material.
8. Wuhan Tiandi Lot B13/B17, Wuhan (Residential)	Achieved Chinese Green Building Design Label 2 Star rating	Rainwater collection and recycling; high performance envelope; underground car park; high performance lighting with low LPD; roof garden and water feature; Water saving landscape irrigation; natural ventilation; recycling material utilisation; high efficiency HVAC system; double Low-E coated window glazing; recycling and local material utilisation; water saving sanitary fittings.
9. Wuhan Tiandi Lot B1-5, Wuhan (Commercial)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level; target to achieve Chinese Green Building Design Label 1 Star rating	Roof garden; natural ventilation; CO sensor at parking areas; variable frequency water pump; water saving sanitary fittings; rainwater collection and recycling; recycling material utilisation; high efficiency HVAC system; installation of MERV 13 air purifier.
10. Chongqing Tiandi Lots B3/01, Chongqing (Entertainment & Retail)	Achieved LEED-Core & Shell (CS) Certification Gold level	Outdoor radiant cooling; water source heat pump; rainwater collection & recycling; double Low-E coated window glazing; recycling and local material utilisation; natural ventilation; low-flow plumbing fixtures and water saving sanitary fittings.
11. Chongqing Tiandi Lot B-11, Chongqing (Office; Hotel & Retail)	Achieved LEED-Core & Shell (CS) Certification Gold level(Phase I); Achieved LEED-Core & Shell (CS) Pre-Certification Gold level(Phase II&III)	High performance glass curtain wall; high efficiency HVAC system with variable primary flow system; CO_2 sensors; daylight control.; occupancy sensors; heat recovery; high performance lighting with low LPD; 40% reduction in potable water use.

Projects – Development stage	Achieve/Target-Green Building Certification	Features
12. Chongqing Tiandi Lot B12-1/02, Chongqing (Office)	Achieved LEED-Core & Shell (CS) Certification Gold level	High efficiency chillers and boilers; high efficiency pumps and fans; high performance envelop; water saving sanitary fittings; native plant species and no irrigation; rainwater collection and recycling; recyclable storage; recycling and local material utilisation; green roof; occupancy sensors; daylight sensors; low emitting material.
13. Chongqing Tiandi Lot B12-3/02, Chongqing (Commercial)	Achieved LEED-Core & Shell (CS) Certification Gold level	High efficiency chillers and boilers; high efficiency pumps and fans; high performance envelop; water saving sanitary fittings; native plant species and no irrigation; rainwater collection and recycling; recyclable storage; recycling and local material utilisation; green roof; occupancy sensors; daylight sensors; low emitting material.
14. Chongqing Tiandi Lot B12-4/02, Chongqing (Commercial)	Achieved LEED-Core & Shell (CS) Certification Gold level	High efficiency chillers and boilers; high efficiency pumps and fans; high performance envelop; water saving sanitary fittings; native plant species and no irrigation; rainwater collection and recycling; recyclable storage; recycling and local material utilisation; green roof; occupancy sensors; daylight sensors; low emitting material.
15. Shanghai Taipingqiao Lot 126, Shanghai (Office & Retail)	Achieved LEED-Core & Shell (CS) Pre-Certification Gold level and Chinese Green Building Design Label 3 Star rating. This is the first high rise building to be qualified by using Green High-rise Building Evaluation Technical Details	High efficiency HVAC system; improved indoor air quality with CO_2 sensor; low-flow plumbing fixtures and water saving sanitary fittings; high performance curtain wall with shading devices; light pollution reduction; low-emitting material (low VOC) finishes.
16. Shanghai Taipingqiao Lot 127, Shanghai (Office & Retail)	Achieved LEED-Core & Shell (CS) Pre-Certification Gold level and Chinese Green Building Design Label 3 Star rating	High efficiency HVAC system; improved indoor air quality with CO_2 sensor; low-flow plumbing fixtures and water saving sanitary fittings; high performance curtain wall with shading devices; light pollution reduction; low-emitting material (low VOC) finishes.
17. Shanghai Taipingqiao Lot 116, Shanghai (Residential)	Achieved Chinese Green Building Design Label 2 Star rating	Green roof; underground parking and land saving; natural ventilation; high efficiency HVAC system; double Low-E coated glazing.
18. Rui Hong Xin Cheng Lot 4, Shanghai(Residential & Retail)	Achieved Chinese Green Building Design Label 2 Star rating. 15 Nov 2010, awarded allowance from Shanghai Government as an energy-saving housing project; target to achieve Chinese Green Building Label 2 Star rating.	External wall insulation, grey water collection & recycling; photo voltaic for landscape lighting; water saving landscape irrigation system; double Low-E coated glazing window with thermal break; water saving sanitary fittings.
19. Rui Hong Xin Cheng Lot 6, Shanghai (Residential)	Achieved Chinese Green Building Design Label 2 Star rating; target to achieve Chinese Green Building Label 2 Star rating	External wall insulation; grey water collection & recycling; photo voltaic for landscape lighting; water saving landscape irrigation system; double Low-E coated window glazing with thermal break and water saving sanitary fittings.
20. Rui Hong Xin Cheng Lot 3, Shanghai (Commercial)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level and Chinese Green Building Design Label 2 Star rating	Green roof; low water saving sanitary fittings; rainwater collection and recycling; high efficiency HVAC system; LED lighting; Curtain wall design with Low light pollution.
21. Rui Hong Xin Cheng Lot 10, Shanghai (Commercial)	Target to achieve LEED-Core & Shell (CS) Certification Gold level; Target to achieve Chinese Green Building Design Label 2 Star rating	Green roof; low water saving sanitary fittings; rainwater collection and recycling; high efficiency HVAC system; LED lighting; Curtain wall design with Low light pollution.
22. Rui Hong Xin Cheng Lot 2, Shanghai (Residential)	Achieved Chinese Green Building Design Label 2 Star rating; target to achieve Chinese Green Building Label 2 Star rating	Green roof; rain water collection & recycling; water saving landscape irrigation system; water saving fittings; solar heated water utilisation.
23. Rui Hong Xin Cheng Lot 9, Shanghai (Residential)	Achieved Chinese Green Building Design Label 2 Star rating; target to achieve Chinese Green Building Label 2 Star rating	Green roof; rain water collection & recycling; water saving landscape irrigation system; water saving fittings; solar heated water utilisation.
24. Rui Hong Xin Cheng Lot 1, Shanghai (Residential)	Target to achieve Chinese Green Building Design Label 2 Star rating	Rainwater collection & recycling;finished apartment;water saving sanitary fittings; high efficiency HVAC system; high performance envelope.
25. KIC Plaza Phase II, Shanghai (Office)	Achieved LEED-Core & Shell (CS) Certification Silver level.	Double Low-E coated glazing; low-emitting materials; improved indoor air quality with CO2 sensor; low-flow plumbing fixtures and water saving sanitary fittings.

Projects – Development stage	Achieve/Target-Green Building Certification	Features
26. KIC Lots 5-5/5-7/5-8, Shanghai (Office)	Achieved LEED Core & Shell (CS) Certification Gold level	Double Low-E coated glazing; low emitting materials; low-flow plumbing fixtures and water saving sanitary fittings; hybrid ventilation; daylight control & occupancy sensor; high performance chillers; heat recovery; rain water recovery.
27. KIC Village Phase II, Lots 7-7/7-9, Shanghai (Office & Residential)	Achieved Chinese Green Building Design Label 2 Star rating	External wall insulation; rainwater collection & recycling; photo voltaic for landscape lighting; water saving landscape irrigation system; double Low-E coated glazing window with thermal break; water saving sanitary fittings.
28. KIC Lots 5-3/6-1, Shanghai (Office)	Achieved LEED-Core & Shell (CS) Certification Platinum level; Target to achieve Chinese Green Building Design Label 2 Star rating	Rainwater and grey-water collection and recycling; high performance envelope; water saving sanitary fittings; green roof; ice-storge system; high performance VOV system; Low-Emitting materials; environmental friendly refrigerant; green electric; regional/recycling materials; CO_2 sensor; water saving landscape irrigation; double Low-E coated glazing window; solar hot water.
29. KIC Lot C3-05, Shanghai (Office)	Achieved Chinese Green Building Design Label 2 Star rating	Energy saving HVAC; green roof; water saving landscape irrigation; water saving sanitary fittings; solar energy system(hot water and landscape lighting); rainwater and grey-water collection and recycling.
30. KIC Lots C3-04/3-07/3-08, Shanghai (Residential)	Achieved Chinese Green Building Design Label 2 Star rating	Rainwater collection and recycling; energy saving HVAC; double Low-E coated glazing window with thermal break; water saving landscape irrigation; water saving sanitary fittings; solar energy system(hot water and landscape lighting).
31. Dalian Tiandi Aspen and Maple Towers, Site D22, Dalian	Achieved LEED Core & Shell Certification Silver level	Preferred parking for low-E and fuel-efficient vehicles; ; parking for bicycle; green roof; reuse rainwater and grey-water; water-saving sanitary; building commissioning; environmental friendly refrigerant; solar hot water; solar lamp; external wall insulation; Low-E tempered glass; fresh air heat recovery; recycling materials; regional materials; Low-E materials.
32. Dalian Tiandi Site D14, Dalian	Achieved LEED Core & Shell (CS) Pre-Certification Gold level	Preferred parking for low-E and fuel-efficient vehicles; green roof; reuse rainwater and grey water; water-saving sanitary; building commissioning; environmental friendly refrigerant; solar hot water; solar lamp; external wall insulation; Low-E tempered glass; fresh air heat recovery; recycling materials; regional materials; Low-Emitting materials.
33. Dalian Tiandi Site B07, Dalian	Achieved LEED Core & Shell (CS) Pre-Certification Gold level	Innovation transportation; grey water reuse; water-saving sanitary; high performance lighting system; high performance HVAC system; environmental friendly refrigerant; energy measurement and verification system; double Low-E glazing; high performance envelope system; low-VOC construction material; recycled content/regional construction material; indoor chemical and pollution control; take advantage of daylight; natural ventilation system.
34. Dalian Tiandi Huangnichuan Area Lot E02 Phase I, Dalian (Residential)	Achieved Chinese Green Building Design Label 2 Star rating	More than 45% landscaped area; full consideration of natural ventilation, lighting; LED lighting; utilisation of different quality and non-traditional water supply system.
35. THE HUB Lot D17, Shanghai (Office & Hotel & Commercial)	Achieved LEED-Core & Shell (CS) Pre-certification Gold level; Achieved Chinese Green Building Design Label 3 Star rating (for Office& Retail), and Chinese Green Building Design Label 2 Star rating (for Hotel)	Rainwater/reclaimed water collection and recycling; façade shading system; solar hot water; green roof; water saving landscape irrigation; Combined cooling heating and power; Nature Ventilation; Nature Daylight; indoor air quality sensors; high efficiency lighting; hot recovery; water saving sanitary fittings; Low-E glazing window; Low-Emitting material; recycling and local material utilisation.
36. THE HUB Lot D19, Shanghai (Office & Commercial & Exhibition)	Achieved LEED-Core & Shell (CS) Pre-certification Silver level; achieved Chinese Green Building Design Label 3 Star rating(for Office& Exhibition); and Chinese Green Building Design Label 2 Star rating (for Retail)	Rainwater/reclaimed water collection and recycling; façade shading system; solar hot water; green roof; water saving landscape irrigation; Combined cooling heating and power; Nature Ventilation; Nature Daylight; indoor air quality sensors; high efficiency lighting; hot recovery; water saving sanitary fittings; Low-E glazing window; Low-Emitting material; recycling and local material utilisation.
37. Foshan Lingnan Tiandi Lot 4, Foshan (Residential & Commercial)	Achieved Green Community Certification of Guangdong Province	Double Low-E Glazing; water saving sanitary; LED lighting; day lighting; rain water/grey water collection and recycling; water saving landscape irrigation.
38. Foshan Lingnan Tiandi Lot 5, Foshan (Residential)	Achieved Green Community Certification of Guangdong Province	Double Low-E Glazing; water saving sanitary; LED lighting; day lighting; rain water/grey water collection and recycling; water saving landscape irrigation.
39. Foshan Lingnan Tiandi Lot 6, Foshan (Residential)	Achieved Green Community Certification of Guangdong Province	Double Low-E Glazing; water saving sanitary fittings; LED lighting; day lighting; rain water/grey water collection and recycling; water saving landscape irrigation; high efficiently natural lighting; green roof.
40. Foshan Lingnan Tiandi Lot 18, Foshan (Residential)	Achieved Chinese Green Building Design Label 2 Star rating	CO sensor at parking area; water saving fixtures; high performance envelope; land saving; Low-E glazing, green management for purchasing and construction stage; green management for construction waste; recyclable materials using; high efficiency chiller; rainwater/reclaimed water collection and recycling; façade shading system; water saving landscape irrigation; low-VOC construction material; environmental friendly refrigerant; permeable paving materials.
41. Foshan Lingnan Tiandi Lot 1, Foshan (Entertainment & Retail)	Achieved LEED-Core & Shell (CS) Certification Gold level	Solar power; maximum utilisation of historical architecture; double Low-E Glazing; water saving fittings; natural lighting; rain water/grey water collection and recycling; water saving landscape irrigation; vertical green/roof green.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

MR. VINCENT H. S. LO

MR. FRANKIE Y. L. WONG

MR. DOUGLAS H. H. SUNG

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:

MR. VINCENT H. S. LO, GBS, JP

aged 67, has served as our Chairman since the inception of our Company in February 2004. Mr. Lo leads the Board of Directors in deciding on the Company's direction and to set corporate strategies. Mr. Lo was the Chief Executive Officer of our Company from 2004 to 16 March 2011. He is also the Chairman of the Shui On Group, which he founded in 1971, Chairman of SOCAM Development Limited, a Non-executive Director of Great Eagle Holdings Limited and a Non-executive Director of Hang Seng Bank Limited.

Mr. Lo was awarded the Gold Bauhinia Star (GBS) in 1998 and appointed Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region (HKSAR). He was named Businessman of the Year at the Hong Kong Business Awards in 2001, and won the Director of the Year Award from The Hong Kong Institute of Directors in 2002 and Chevalier des Arts et des Lettres by the French government in 2005. He was honoured with "Ernst & Young China Entrepreneur Of The Year 2009" and also, as "Entrepreneur Of The Year 2009" in the China Real Estate Sector. Mr. Lo was made an Honorary Citizen of Shanghai in 1999 and Foshan in 2011. In 2012, the 4th World Chinese Economic Forum honoured Mr. Lo with the Lifetime Achievement Award for Leadership in Property Sector.

In addition to his business capacity, Mr. Lo has been active in community services. He participated in the preparatory works of the establishment of the Hong Kong Special Administrative Region. He currently serves as a Member of The Twelfth National Committee of Chinese People's Political Consultative Conference, the Chairman of Hong Kong Trade Development Council, the President of Council for the Promotion & Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government, the Honorary Life President of the Business and Professionals Federation of Hong Kong, a Vice Chairman of the Chamber of International Commerce Shanghai and the Honorary Court Chairman of The Hong Kong University of Science and Technology.

MR. FRANKIE Y. L. WONG

aged 67, has been appointed as a Non-executive Director of the Company since 17 August 2011 and re-designated as an Executive Director of the Company on 26 June 2015. Mr. Wong was a Non-executive Director of SOCAM Development Limited ("SOCAM") from September 2011 to August 2014, Vice Chairman of SOCAM from 1997 to 2004 and from April 2010 to August 2011 and the Chief Executive Officer of SOCAM from July 2004 to March 2010. Mr. Wong joined the Shui On Group in 1981. He is currently an Executive Director of Shui On Holdings Limited and an adviser to the Chairman of the Shui On Group. He was a Director of the Company from May 2004 to May 2006 prior to the listing of the Company on The Stock Exchange of Hong Kong Limited in October 2006. He is also one of the Trustees of the Shui On Provident and Retirement Scheme. Prior to joining the Shui On Group, Mr. Wong had many years of banking experience with several major international banks in Hong Kong. He graduated with a Bachelor of Science degree in Economics and a Master of Arts degree from the London School of Economics and

Political Science and The University of Lancaster in the United Kingdom respectively. Mr. Wong is currently a Non-executive Chairman of Walcom Group Limited, a company listed on the Alternative Investment Market of the London Stock Exchange plc. He was a Non-executive Director of Solomon Systech (International) Limited, which is listed on The Stock Exchange of Hong Kong Limited, from February 2004 to December 2006, an Independent Non-executive Director of this Company from January 2007 to May 2014 and a director of Sichuan Shuangma Cement Co., Ltd.（四川雙馬水泥股份有限公司）, a company listed on the Shenzhen Stock Exchange, from 18 July 2012 to 11 August 2015.

MR. DOUGLAS H. H. SUNG
aged 49, has been appointed an Executive Director and Chief Financial Officer of the Company since 4 January 2016. He leads the Finance, Legal, Investor Relations and Mergers & Acquisition departments of the Corporate Office. As member of the Executive Committee, Mr. Sung works closely with the other Executive Committee members to enhance the execution capabilities of the Company and explore new business opportunities to grow the Company. He also works with the Board to lead the strategic growth of the Company. Mr. Sung has over 20 years of experience in the Asia real estate industry, ranging from research, capital market, direct investment and fund management. Prior to joining the Company, Mr. Sung was the Managing Director and Head of Real Estate of Verdant Capital Group and the Managing Director and Portfolio Manager of JPMorgan Greater China Property Fund.

Mr. Sung holds a Bachelor of Architecture degree from University of Southern California and a Master in Design Studies (Real Estate Emphasis) degree from Harvard University. He has been a Responsible Officer and Type 4 and Type 9 License Holder of the Securities and Futures Commission of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS:

SIR JOHN R. H. BOND
aged 74, has served as an Independent Non-executive Director of our Company since September 2006. He was previously the Group Chairman of HSBC Holdings plc and was with HSBC from 1961 until May 2006. He was the Chairman of Vodafone Group Plc until 26 July 2011, the Chairman of Xstrata plc until May 2013 and an Advisory Director of Northern Trust Corporation until 21 April 2015. Sir John Bond is currently a Non-executive Director of A. P. Moller Maersk. He is also a member of the Mayor of Shanghai's International Business Leaders' Advisory Council, a participant in the China Development Forum, a member of the International Advisory Board to the Tsinghua University School of Economics and Management and a member of the Mitsubishi International Advisory Committee.

DR. WILLIAM K. L. FUNG, SBS, JP
aged 67, has served as an Independent Non-executive Director of our Company since May 2006. Dr. Fung is the Group Chairman of Li & Fung Limited. He has held key positions in major trade associations. He is past Chairman of the Hong Kong General Chamber of Commerce (1994 – 1996), Hong Kong Exporters' Association (1989 – 1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993 – 2002). He has been awarded the Silver Bauhinia Star by the Hong Kong Special Administrative Region Government in 2008. Dr. Fung graduated from Princeton University with a Bachelor of Science degree in Engineering and also holds an MBA degree from the Harvard Graduate School of Business. He was conferred Honorary Doctorate degrees of Business Administration by Hong Kong University of Science and Technology and by the Hong Kong Polytechnic University. Dr. Fung is an Independent Non-executive Director of VTech Holdings Limited, Sun Hung Kai Properties Limited, The Hongkong and Shanghai Hotels, Limited and Singapore Airlines Limited. He is also a Non-executive Director of other listed Fung Group companies including Convenience Retail Asia Limited and Trinity Limited, and Chairman and Non-executive director of Global Brands Group Holding Limited.

PROFESSOR GARY C. BIDDLE
aged 64, has served as an Independent Non-executive Director of our Company since May 2006. Professor Biddle is PCCW Professor and Chair of Accounting at University of Hong Kong and teaches EMBA students at Columbia Business School, London Business School and Fudan University. Professor Biddle earned his MBA and PhD degrees at University of Chicago. He also has served as professor at University of Chicago, University of Washington, Hong Kong University of Science and Technology (HKUST), and as visiting professor at China Europe International Business School (China), University of Glasgow (UK), IMD (Switzerland) and Skolkovo Business School (Russia). In academic leadership, Professor Biddle has served as Dean of the Faculty of Business and Economics at University of Hong Kong, and as Academic Associate Dean, Department Head, Council member, Court member, Senate member and Synergis-Geoffrey Yeh Chair Professor at HKUST. Professionally, Professor Biddle is Board and Executive Council Member and Candidate for President of the American Accounting Association, Advisory Board Member of the American Accounting Association International Accounting Section, Council Member and Financial Reporting Standards Committee Member of the Hong Kong Institute of Certified Public Accountants, Financial Reporting Review Panel Member of the Financial Reporting Council of Hong Kong, Accounting Hall of Fame Selection Committee Member, Book Editor of The Accounting Review, and editorial board member of premier academic journals. He is a member of the American Institute

SIR JOHN R. H. BOND

DR. WILLIAM K. L. FUNG

PROFESSOR GARY C. BIDDLE

of Certified Public Accountants, Hong Kong Business and Professionals Federation, Hong Kong Institute of Directors (Training Committee), Washington Society of Certified Public Accountants, and he is past President and co-founding Council Member of the Hong Kong Academic Accounting Association. Professor Biddle is expert in financial and management accounting, both of which he teaches, value creation, economic forecasting, corporate governance and performance metrics, including EVA®. Professor Biddle's research appears in leading academic journals and in the financial press including CNN, The Economist and The Wall Street Journal. He ranks among the top 0.5% in career research citations and recent downloads among all social science researchers (Social Science Research Network). Professor Biddle has won 28 teaching honors, including two "Professor of Year" awards from the world's #1-ranked EMBA program (Financial Times). Professor Biddle also proudly serves as Independent Non-Executive Director and Audit Committee Chair of leading listed companies including Kingdee International Software Group Company Limited, and he chaired the remuneration committee of closely held Chinachem Group.

DR. ROGER L. MCCARTHY
aged 67, has served as an Independent Non-executive Director of our Company since May 2006. Dr. McCarthy is currently the principal of McCarthy Engineering. He was formerly Chairman Emeritus of Exponent, Inc. (NASDAQ symbol "EXPO"). He was also Chairman of Exponent Science and Technology Consulting Co., Ltd. (Hangzhou)(毅博科技諮詢(杭州)有限公司), a wholly owned subsidiary of Exponent, Inc., which he founded in 2005 to expand Exponent Inc.'s services to the PRC. Dr. McCarthy holds five academic degrees: an Arts Bachelor (A.B.) in Philosophy and a Bachelor of Science in Mechanical Engineering (B.S.E.M.E.) from the University of Michigan; and an S.M. degree in Mechanical Engineering, the professional degree of Mechanical Engineer (Mech.E.), and a Ph.D. in Mechanical Engineering all from the Massachusetts Institute of Technology ("MIT"). He graduated from the University of Michigan Phi Beta Kappa, summa cum laude, the Outstanding Undergraduate in Mechanical Engineering in 1972. He was a National Science Foundation fellow. In 1992, Dr. McCarthy was appointed by the first President Bush to the President's Commission on the National Medal of Science. Dr. McCarthy is one of approximately 165 US Mechanical Engineers elected to the National Academy of Engineering. He currently serves on MIT's Material Science and Engineering Visiting Committee, External Advisory Board of the Mechanical Engineering Department at the University of Michigan, and the Stanford Materials Science & Engineering Advisory Board. Dr. McCarthy delivered the 2008 commencement address for the University of Michigan's College of Engineering. He is currently a member of the US National Academies Board of Army Science and Technology and the National Academy of Engineering's Finance and Budget Committee.

MR. DAVID J. SHAW
aged 69, has served as an Independent Non-executive Director of our Company since May 2006. Mr. Shaw acted as the Group Adviser to the Board of HSBC Holdings plc from June 1998 until 30 September 2013 and then as adviser (part-time basis) to HSBC's Group Chairman and Group Chief Executive

DR. ROGER L. McCARTHY

MR. DAVID J. SHAW

MR. ANTHONY J. L. NIGHTINGALE

until 30 September 2015. Mr. Shaw is a solicitor, admitted in England and Wales and in Hong Kong. He was a partner of Norton Rose from 1973 until 1998 and during that period spent approximately 20 years working in Hong Kong. Mr. Shaw obtained a law degree from Cambridge University. He is also an Independent Non-executive Director of Kowloon Development Company Limited.

MR. ANTHONY J. L. NIGHTINGALE, CMG, SBS, JP

aged 68, has been appointed as an Independent Non-executive Director of our Company since 1 January 2016. He was the Managing Director of Jardine Matheson Holdings Limited. He is currently a non-executive director of Jardine Matheson Holdings Limited and of other Jardine Group companies, including Jardine Strategic Holdings Limited, Jardine Cycle & Carriage Limited, Dairy Farm International Holdings Limited, Hongkong Land Holdings Limited and Mandarin Oriental International Limited. He is also a non-executive Director of Schindler Holding Limited, Prudential plc and Vitasoy International Holdings Limited.

Mr. Nightingale is a commissioner of PT Astra International Tbk., a director of UK ASEAN Business Council, a Hong Kong representative to the APEC Business Advisory Council (ABAC), chairman of the Hong Kong-APEC Trade Policy Study Group Limited, a non-official member of the Commission on Strategic Development in Hong Kong, a member of the Securities and Futures Commission Committee on Real Estate Investment Trusts, a council member of the Employers' Federation of Hong Kong and chairman of The Sailor Home and Missions to Seamen in Hong Kong. He is the former chairman of the Hong Kong General Chamber of Commerce.

Mr. Nightingale was an independent non-executive director of China Xintiandi Holding Company Limited, a non-wholly owned subsidiary of the Company.

SENIOR MANAGEMENT

MS. STEPHANIE B. Y. LO

aged 33, is an Executive Director of Shui On Development Limited ("SOD") and China Xintiandi. She is responsible for the day to day management of China Xintiandi, the commercial asset management company of Shui On Land, responsible for leasing, operations and marketing of its commercial portfolio. Ms. Lo also oversees all Human Resources for SOD. She is the daughter of Mr. Vincent H. S. Lo. Ms. Lo joined our Group in August 2012 and has over 12 years of working experience in architecture and interior design as well as other art enterprises. Prior to joining our Group, Ms. Lo was working for various architecture and design firms in New York City, amongst which was Studio Sofield, a firm well-known for its capability in retail design. She holds a Bachelor of Arts degree in architecture from Wellesley College in Massachusetts.

MR. TANG KA WAH

aged 56, is an Executive Director of SOD. He is responsible for managing the corporate procurement, project execution, costing and quality management functions and the management of the business of Shanghai Shui On Construction Co. Ltd. and Pat Davie (China) Limited in the PRC. He joined the Shui On Group in 1985 and has over 30 years of working experience in the construction industry. He is a member of the Institution of Structural Engineers and a member of the Hong Kong

Institution of Engineers. Mr. Tang is a chartered engineer. He holds a Bachelor's degree in Engineering from The University of Hong Kong and a Master's degree in Business Administration – E-Commerce from the West Coast Institute of Management & Technology, West Australia.

MR. MATTHEW Q. GUO
aged 41, is currently an Executive Director of SOD and the Managing Director of Feng Cheng Property Management. Mr. Guo is responsible for the Project & Quality Monitoring, Development Planning and Design, Administrative Services/ Process & Information Management functions of SOD and all aspects of the property management of Feng Cheng. Mr. Guo joined the Group in 1997 and he has over 19 years of working experience in the property development industry in the PRC. Mr. Guo was the Project Director of the Wuhan Tiandi project and was also involved in other projects of the Group including Shanghai Xintiandi, Taipingqiao Park, The Lakeville Phase I and the Yangpu Knowledge and Innovation Community project in Shanghai. Mr. Guo holds a Bachelor's degree in urban planning from the Tongji University.

MS. JESSICA Y. WANG
aged 41, is an Executive Director of SOD. Ms. Wang is responsible for Residential Sales & Marketing and Customer Management, Business Development, Branding and Corporate Affairs and Development Research functions of SOD. She also leads the Shanghai Taipingqiao project, Rui Hong Xin Cheng Project and Dalian Tiandi project in addition to her other duties. Ms. Wang joined the Group in August 1997 and has over 21 years of working experience in the property development industry in PRC. Prior to joining the Group, Ms. Wang was engaged in sales & marketing in one of the well-known real estate company. Ms. Wang received a Bachelor of Engineering degree in Shanghai University of Technology. Ms. Wang has completed the courses of Executive Master of Business Administration of Real Estate (EMBA) jointly organized by Shanghai Fudan University and Hong Kong University and the China New Entrepreneur Development Program in Center for Sustainable Development and Global Competitiveness in Stanford University. Ms. Wang is a member of Hong Kou District Political Consultative Committee, Chairman of Hong Kou District Association of Enterprises with Foreign Investment, Director of Shanghai Federation of Industry & Commerce Real Estate Chamber of Commerce, Vice Chairman of Hong Kou District non-Party Intellectuals Association, Chairman of Hong Kou District Overseas Returned Entrepreneurs Association, Director of Hong Kou District Overseas Chinese Friendship Association and a member of Hong Kou District Youth Entrepreneurs Association.

MR. ALLAN B. ZHANG
aged 37, is an Executive Director of SOD and is responsible for operation of the knowledge community business of the Company. Mr. Zhang joined the Group in 2004 and has over 11 years of working experience in the property development industry in PRC. He was involved in Rui Hong Xin Cheng project and Wuhan project of the Group. Mr. Zhang holds a Bachelor's and a Master's degree in Engineering from the Shanghai Tongji University. He is a member of Invited Director of Hubei People's Association for Friendship with Foreign Countries, Vice Chairman of Wuhan Property Development Enterprises Association, Member of Wuhan Youth Federation, Honorary Chairman of Enterprises Association & Entrepreneurs Association of Jiangan District, Vice Chairman of Hong Kong Chamber of Commerce in China-Wuhan and a member of AmCham China-Central China Chapter.

MR. ALBERT K. B. CHAN
aged 56, is the Director of Development Planning and Design. Mr. Chan joined Shui On in 1997, and has 30 years of experience in planning, design and real estate development. Mr. Chan manages the conceptualization, site feasibility studies, masterplanning and design of developments for the Company. From 1997 to 2001, he led the planning and design effort for the Shanghai Xintiandi development. He also focuses on mixed-use development, planning and design research and development, and chairs the Sustainable Development Committee of the Company.

Prior to joining Shui On, Mr. Chan worked at the New York City Department of Design and Construction and at Cooper, Robertson + Partners. Mr. Chan holds a Bachelor of Architecture degree from the University of Minnesota, a Master of Architecture degree from the University of California, Berkeley, and a Master of Science degree in Architecture and Urban Design from Columbia University. He also holds an MBA from New York University. He is a Trustee of the Urban Land Institute (ULI) and Executive Committee member of ULI Shanghai, and a member of the Board of Directors of American Institute of Architects Shanghai Chapter.

MR. UY KIM LUN
aged 52, is Director of Legal Affairs and Company Secretary of our Company. He joined our Company in 2005 and is responsible for the legal, company secretarial and compliance issues of our Company. Mr. Uy holds a Bachelor's degree, with honours, in Laws and a Postgraduate Certificate in Laws from The University of Hong Kong. He was admitted as a solicitor in Hong Kong in 1991 and in England and Wales in 1994. He has over 24 years of post-qualification experience and has worked in the legal departments of several blue-chip companies in Hong Kong before joining our Company.

MR. TIMMY T. M. LEUNG
aged 57, is the Director of Treasury of SOD. He is responsible for the treasury function of SOD. He joined SOD in 2009 and has over 31 years of working experience in financial institutions. Prior to joining SOD, Mr. Leung was the Chief Marketing Officer of Temasek's wholly owned subsidiary, Fullerton Investment Guarantee Company. Mr. Leung completed his Business studies in East China University of Science and Technology in Shanghai. He is a Committee member for Shanghai Huangpu District Committee of The Chinese People's Political Consultative Conference. Mr. Leung was also a Committee member for Hangzhou Committee of The Chinese People's Political Consultative Conference and Vice President and Head of Finance Group of Hong Kong Chamber of Commerce in China, Shanghai.

MR. BRYAN K. W. CHAN
aged 41, is currently the Project Director for THE HUB. He is fully in charge of the Group's mixed used development project adjacent to the Hongqiao Transportation Hub in Hongqiao, Shanghai. Mr. Chan joined the Company in February 2009 as Director of Corporate Development. Prior to joining our Company, Mr. Chan had been an adviser to the Commercial Division of the Company and has extensive experience in both retail and real estate industries. Mr. Chan received a Bachelor of Arts degree in Economics from Northwestern University and a Master's of Accounting degree from the University of Southern California. He is a member of the Urban Land Institute (ULI), International Council of Shopping Centers (ICSC), Shanghai Youth Federation, Shanghai Youth Entrepreneurs Association and Ming Hang District Political Consultative Committee.

MR. CHARLES K. M. LEE
aged 59, is the Director of Human Resources. He joined the Group in May 2012 and is responsible for Human Resources and Shui On Academy of the Company. Mr. Lee has over 27 years of solid experience in human resources management and has worked in various well-known multi-national corporations in different industries. Mr. Lee holds a Master's degree of Science from The University of Leeds and a Bachelor's degree of Science from the Chinese University of Hong Kong. He also holds a MBA from the City Polytechnic of Hong Kong. Mr. Lee is the Executive Council Member of Huang Pu District Association of Labor Relations and associate member of Hong Kong Institute of Human Resources.

MR. DAVID P. K. WONG
aged 60, is Chief Economist and Director of Development Research. He is responsible for macroeconomic analysis, city screening, property policy research, and leads a team to undertake project feasibility analysis and market trends research. He joined the Group in 1996 and has over 25 years of working experience in the Chinese property markets. Before joining the Group, he was Assistant Chief Economist of Hong Kong Trade Development Council. Mr. Wong holds a Bachelor of Science degree from the University of Minnesota and a Master degree in Economics from the University of California, Berkeley. He is a member of Urban Land Institute and China Strategic Thinkers.

MR. THOMAS Y. W. TAM
aged 54, is currently the Executive Director – Commercial of China Xintiandi. He is responsible for the leasing, branding and marketing of China Xintiandi's office and retail asset portfolios. He also leads all the commercial and management matters of The HUB in addition to his other duties. He joined our Group in 2012. Prior to joining the Group, he was the founder of TCBL Consulting Limited and served as its Joint Managing Director. He has more than 30 years of experience working for major Hong Kong developers and conglomerates, including Cheung Kong Group, CITIC Pacific, and Hongkong Land. Mr. Tam has become involved in China real estate industry since 1993. He holds a Professional Diploma in Estate Management from the Hong Kong Polytechnic University. He is a Member of Hong Kong Institute of Surveyors and Royal Institution of Chartered Surveyors.

MS. CARRIE M. J. LIU
aged 37, is the Project Director of Rui Hong Xin Cheng. She leads the day-to-day management and development of Rui Hong Xin Cheng project operations and continues to lead China Xintiandi Central Marketing function. She joined the Group in 2001 and has over 15 years of working experience in the real estate industry. She holds an EMBA degree and Bachelor of International Journalism degree from Fu Dan University and is a member of Shanghai Huang Pu District Congress Representative, Vice-chairman of Shanghai Huang Pu District Commercial Association and Shanghai Huang Pu District Enterprises Association. She is also honoured with the title of Top Business Leader by Shanghai Huang Pu District Government.

MR. ALFRED S. S. LAI
aged 55, is Director of Finance of SOD. He joined the Group in 2015 and is currently responsible for the overall finance and taxation functions of SOD. He has over 32 years of working experience in financial management. Before joining the Group, Mr. Lai had worked in SOCAM Development Limited for years. During that period, he was seconded to Lafarge Shui On Co. Ltd. as Chief Financial Officer. He holds a Bachelor of Science Degree in Economics and MBA Degree from the London School of Economics and Political Science and Heriot-Watt University in the United Kingdom respectively. He is the associate member of The Institute of Chartered Accountants in Australia and The Hong Kong Institute of Certified Public Accountants and the fellow member of The Association of Chartered Certified Accountants, United Kingdom.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its subsidiaries, associates and joint ventures are set out in Notes 49, 18 and 19 respectively to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group during the year and the discussions on the Group's future business development are provided in the Chairman's Statement, the Market Updates and Project Profiles, the Business Review, the Landbank and the Financial Review respectively from pages 12 to 16, pages 18 to 47, pages 49 to 59, pages 60 to 61 and pages 62 to 67 of this Annual Report. Description of possible risks and uncertainties that the Group may be facing can be found in the Financial Review on pages 62 to 67. Also, the financial risk management objectives and policies of the Group can be found in Note 47 to the consolidated financial statements. Particulars of important event affecting the Group that has occurred since the end of the financial year ended 31 December 2015 are provided in Note 45 to the consolidated financial statements. Indications of likely future development in the business of the Company can be found in the Business Review and the Financial Review on pages 49 to 59 and pages 62 to 67. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Review on pages 62 to 67. The discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Chairman's Statement, the Corporate Governance Report and this Directors' Report on pages 12 to 16, pages 70 to 83 and pages 102 to 116 of this Annual Report and in the Corporate Social Responsibility Report available on the Group's corporate website.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 118.

An interim dividend of HK$0.022 per share was paid to the shareholders on 25 September 2015.

The Board has resolved to recommend the payment of a final dividend of HK$0.028 per share for the year ended 31 December 2015 (2014: HK$0.04), amounting to approximately RMB189 million (2014: RMB253 million) in aggregate. Subject to shareholders' approval of the final dividend at the forthcoming annual general meeting ("AGM") to be held on 20 May 2016, the final dividend is expected to be paid on or about 16 June 2016 to shareholders whose names appear on the register of members of the Company on 1 June 2016.

In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 1 June 2016.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the year are set out in Note 13 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of share capital of the Company during the year ended 31 December 2015 are set out in Note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as of 31 December 2015 were RMB16,191 million (2014: RMB15,868 million).

DIRECTORS

The Directors of the Company during the year ended 31 December 2015 and up to the date of this report were:

Executive Directors:	Independent Non-executive Directors:
Mr. Vincent H. S. LO	Sir John R. H. BOND
Mr. Frankie Y. L. WONG (re-designated from a Non-executive Director on 26 June 2015)	Dr. William K. L. FUNG
Mr. Douglas H. H. SUNG (appointed on 4 January 2016)	Professor Gary C. BIDDLE
Mr. Daniel Y. K. WAN (resigned on 31 July 2015)	Dr. Roger L. McCARTHY
Mr. Philip K. T. WONG (resigned on 26 June 2015)	Mr. David J. SHAW
	Mr. Anthony J. L. NIGHTINGALE (appointed on 1 January 2016)

In accordance with Article 97(3) of the Articles of Association of the Company (the "Articles of Association"), Mr. Douglas H. H. SUNG and Mr. Anthony J. L. NIGHTINGALE shall hold office until the AGM and, being eligible, will offer themselves for re-election at the AGM.

In accordance with Article 102 of the Articles of Association, Sir John R. H. BOND, Dr. William K. L. FUNG and Dr. Roger L. McCARTHY will retire from office by rotation at the AGM and, being eligible, will offer themselves for re-election at the AGM.

PERMITTED INDEMNITY

The Articles of Association provides that every Director (including any alternate Director appointed pursuant to the relevant articles) shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (i) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(A) LONG POSITION IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY

Name of Directors	Number of ordinary shares: Personal interests	Family interests	Other interests	Total	Approximate percentage of interests to the issued share capital of the Company (Note 4)
Mr. Vincent H. S. LO	–	1,849,521 (Note 1)	4,587,365,484 (Note 2 & 3)	4,589,215,005	57.17%
Sir John R. H. BOND	250,000	–	–	250,000	0.003%
Dr. William K. L. FUNG	5,511,456	–	–	5,511,456	0.06%
Professor Gary C. BIDDLE	305,381	–	–	305,381	0.0038%
Dr. Roger L. McCARTHY	200,000	–	–	200,000	0.002%

Notes:

(1) These shares were beneficially owned by Ms. Loletta CHU ("Mrs. Lo"), the spouse of Mr. Vincent H. S. LO ("Mr. Lo"). Mr. Lo was deemed to be interested in 1,849,521 shares under Part XV of the SFO.

(2) These shares were held by Shui On Company Limited ("SOCL") through its controlled corporations, comprising 1,198,103,792 shares, 1,450,808,826 shares, 183,503,493 shares, 29,847,937 shares, 573,333,333 shares, 708,448,322 shares, 150,000,000 shares and 293,319,781 shares held by Shui On Properties Limited ("SOP"), Shui On Investment Company Limited ("SOI"), Chester International Cayman Limited ("Chester International"), New Rainbow Investments Limited ("NRI"), Lanvic Limited ("Lanvic"), Boswell Limited ("Boswell"), Merchant Treasure Limited ("Merchant Treasure") and Doreturn Limited ("Doreturn") respectively whereas SOP, Chester International, Lanvic, Boswell, Merchant Treasure and Doreturn were all wholly-owned subsidiaries of SOI. NRI was a wholly-owned subsidiary of SOCAM Development Limited ("SOCAM") which in turn was held by SOCL as to 48.38%. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was a discretionary beneficiary and HSBC International Trustee Limited ("HSBC Trustee") was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.

(3) Out of these 4,587,365,484 shares, SOP may lend up to 350,000,000 shares in aggregate to J.P. Morgan Securities plc pursuant to a Stock Lending Agreement dated 21 May 2015 entered into between SOP (as lender) and J.P. Morgan Securities plc (as borrower), details of which were set out in the announcement of the Company dated 22 May 2015.

(4) These percentages have been compiled based on the total number of issued shares (i.e. 8,026,630,189 shares) at 31 December 2015.

(B) INTERESTS IN THE DEBENTURES OF THE ASSOCIATED CORPORATION OF THE COMPANY

Name of Director	Name of Associated Corporation	Nature of Interests	Amount of Debentures
Mr. Lo	Shui On Development (Holding) Limited	Family interests	USD1,300,000
Sir John R. H. BOND	Shui On Development (Holding) Limited	Personal interests	USD813,000
Dr. William K. L. FUNG	Shui On Development (Holding) Limited	Family interests	USD500,000
		Interests of Controlled Corporation	USD3,000,000

Save as disclosed above, at 31 December 2015, none of the Directors or the chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

At 31 December 2015, the persons or corporations (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name of shareholders	Capacity/Nature of interests	Total number of ordinary shares and underlying shares	Approximate percentage of interests in the Company (Note 6)
Mrs. Lo	Family and Personal	4,589,215,005 (L) (Notes 1 & 4)	57.17%
HSBC Trustee	Trustee	4,587,365,484 (L) (Notes 2, 3 & 4)	57.15%
Bosrich	Trustee	4,587,365,484 (L) (Notes 2, 3 & 4)	57.15%
SOCL	Interests of Controlled Corporation	4,587,365,484 (L) (Notes 2, 3 & 4)	57.15%
JPMorgan Chase & Co.	Interests of Controlled Corporation/	460,537,181 (L)	5.73%
	Custodian Corporation/	280,000,000 (S)	3.48%
	Approved Lending Agent	86,020,560 (P) (Notes 4 and 5)	1.07%

Notes:

(1) These shares comprised 1,849,521 shares beneficially owned by Mrs. Lo and 4,587,365,484 shares in which Mr. Lo, the spouse of Mrs. Lo, had a deemed interest under Part XV of the SFO as mentioned in Note (2) below. Accordingly, Mrs. Lo was also deemed to be interested in 4,587,365,484 shares under Part XV of the SFO.

(2) These shares were held by SOCL through its controlled corporations, comprising 1,198,103,792 shares, 1,450,808,826 shares, 183,503,493 shares, 29,847,937 shares, 573,333,333 shares, 708,448,322 shares, 150,000,000 shares and 293,319,781 shares held by SOP, SOI, Chester International, NRI, Lanvic, Boswell, Merchant Treasure and Doreturn respectively whereas SOP, Chester International, Lanvic, Boswell, Merchant Treasure and Doreturn were all wholly-owned subsidiaries of SOI. NRI was a wholly-owned subsidiary of SOCAM which in turn was held by SOCL as to 48.38%. SOCL was held under the Bosrich Unit Trust, the trustee of which was Bosrich. The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was a discretionary beneficiary and HSBC Trustee was the trustee. Accordingly, Mr. Lo, Mrs. Lo, Bosrich and HSBC Trustee were deemed to be interested in such shares under Part XV of the SFO.

(3) Out of these 4,587,365,484 shares, SOP may lend up to 350,000,000 shares in aggregate to J.P. Morgan Securities plc pursuant to a Stock Lending Agreement dated 21 May 2015 entered into between SOP (as lender) and J.P. Morgan Securities plc (as borrower), details of which were set out in the announcement of the Company dated 22 May 2015.

(4) (L) represents long position; (S) represents short position; and (P) represents lending pool.

(5) The interests held by JPMorgan Chase & Co. were held in the following capacities:

Capacity	Number of shares (Long position)	Number of shares (Short position)
Beneficial owner	374,507,121	280,000,000
Investment manager	9,500	–
Custodian/approved lending agent	86,020,560	–

(6) These percentages have been compiled based on the total number of issued shares (i.e. 8,026,630,189 shares) at 31 December 2015.

Save as disclosed above, at 31 December 2015, the Directors are not aware of any other person or corporation (other than a Director or chief executive of the Company), having an interest or short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

SHARE OPTIONS

Particulars of the Company's share option scheme (the "Share Option Scheme") adopted by the Company on 8 June 2007 (the "Adoption Date") are set out in Note 40 to the condensed consolidated financial statements.

The following table sets out the movement of the Company's share options during the year under review:

Name or category of Eligible participants	Date of grant	Exercise price per share HK$	At 1 January 2015	Reclassification	Granted during the period	Exercised during the period	Lapsed during the period	At 31 December 2015	Period during which the share options are exercisable
Director									
Mr. Daniel Y. K. WAN (Note)	18 January 2012	2.41	1,025,617	(1,025,617)	–	–	–	–	28 June 2013 – 17 January 2020
	3 September 2012	4.93	6,084,109	(6,084,109)	–	–	–	–	3 October 2012 – 28 October 2018
Sub-total			**7,109,726**	**(7,109,726)**	**–**	**–**	**–**	**–**	
Consultant									
Mr. Richard K. N. HO	20 June 2007	6.45	434,000	–	–	–	(217,000)	217,000	20 June 2007 – 19 June 2016
Sub-total			**434,000**	**–**	**–**	**–**	**(217,000)**	**217,000**	
Employees (in aggregate)	20 June 2007	6.45	42,749,746	–	–	–	(12,087,005)	30,662,741	20 June 2009 – 19 June 2016
	1 August 2007	7.54	633,145	–	–	–	(137,372)	495,773	1 August 2009 – 31 July 2016
	2 October 2007	9.22	363,192	–	–	–	(95,393)	267,799	2 October 2009 – 1 October 2016
	1 November 2007	10.86	312,799	–	–	–	(83,021)	229,778	1 November 2009 – 31 October 2016
	3 December 2007	9.11	88,153	–	–	–	(20,457)	67,696	3 December 2009 – 2 December 2016
	2 January 2008	8.27	2,417,322	–	–	–	(781,128)	1,636,194	2 January 2010 – 1 January 2017
	1 February 2008	7.42	479,602	–	–	–	(162,493)	317,109	1 February 2010 – 31 January 2017
	3 March 2008	7.08	361,974	–	–	–	(84,470)	277,504	3 March 2010 – 2 March 2017
	2 May 2008	7.31	3,298,158	–	–	–	(624,043)	2,674,115	2 May 2010 – 1 May 2017
	2 June 2008	6.77	7,354,544	–	–	–	(1,422,643)	5,931,901	2 June 2010 – 1 June 2017
	2 July 2008	5.95	280,114	–	–	–	(74,003)	206,111	2 July 2010 – 1 July 2017
	4 September 2009	4.52	9,317,382	–	–	–	(3,267,371)	6,050,011	3 November 2010 – 2 November 2017
	18 January 2012	2.41	9,279,270	1,025,617	–	(50,000)	(742,765)	9,512,122	28 June 2013 – 17 January 2020
	3 September 2012	4.93	9,349,437	6,084,109	–	–	(4,910,755)	10,522,791	3 October 2012 – 28 October 2018
	3 September 2012	4.93	12,370,840	–	–	–	(1,560,211)	10,810,629	5 November 2012 – 4 November 2019
	7 July 2015	2.092	–	–	6,651,000	–	–	6,651,000	7 July 2015 – 6 July 2021
Sub-total			**98,655,678**	**7,109,726**	**6,651,000**	**(50,000)**	**(26,053,130)**	**86,313,274**	
Total			106,199,404	7,109,726	6,651,000	(50,000)	(26,270,130)	86,530,274	

Note:

Mr. Daniel Y. K. WAN resigned as an Executive Director of the Company with effect from 31 July 2015 and remained as an employee of the Group until 30 September 2015. Mr. Wan's share options were reclassified under "Employees" effective from 31 July 2015.

SUMMARY OF THE SHARE OPTION SCHEME ARE AS FOLLOWS:

(I) PURPOSE

The purpose of the Share Option Scheme is to provide a strategic driver to enhance shareholder value of the Company through achieving excellent business results and rapid growth; and to build a high performing organization with loyal staff and other key contributors who are committed to achieving the vision and goals of the Company.

(II) QUALIFYING PARTICIPANTS

The Board may offer to grant an option to any employee including employee who has been newly promoted or recruited by the Company and/or its subsidiaries and non-executive director, consultant or other contributor of the Company or its subsidiaries as recommended by the Chairman.

(III) MAXIMUM NUMBER OF SHARES

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme or 30% of the issued share capital of the Company from time to time. No options may be granted under the Share Option Scheme if this will result in such limit exceeded. At 31 December 2015, the number of shares available for issue in respect thereof is 418,009,717 shares.

(IV) LIMIT FOR EACH PARTICIPANT

The total number of shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each participant must not exceed 1% of the shares of the Company in issue.

(V) OPTION PERIOD

The period within which the shares must be taken up under an option for an employee shall be for such period as the Board may from time to time determine, and initially as at the Adoption Date, shall be a period ranging from 5 years for the first to the third tranch to 1 year for the seventh tranch of the option unless otherwise adjusted by the Board in its absolute discretion in certain circumstances set out in the Share Option Scheme. In the case of an option granted to a qualifying participant recommended by the Chairman, the option period shall be for such period as the Board may from time to time determine in accordance with the recommendations of the Chairman, which initially at the Adoption Date, shall not be more than 5 years from the date of the relevant grant. In all cases, the option period shall not exceed 10 years from the date of grant of the relevant option.

(VI) ACCEPTANCE AND PAYMENT ON ACCEPTANCE

An offer shall remain open for acceptance by the qualifying participant concerned for a period of 30 days from the date of the offer (or such longer period as the Board may specify in writing). HK$1.00 is payable by the grantee to the Company on acceptance of the offer of the option.

(VII) SUBSCRIPTION PRICE

The subscription price in respect of any particular option shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share. The Board will be given the authority to determine the subscription price in its discretion in accordance with the terms of the Share Option Scheme.

(VIII) REMAINING LIFE OF THE SHARE OPTION SCHEME

The Board shall be entitled at any time within 10 years commencing on 8 June 2007 to make an offer for the grant of an option to any qualifying participants.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option holdings disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

During the year, the Company has not entered into any equity-linked agreement.

PURCHASE, SALE OR REDEMPTION/CANCELLATION OF SECURITIES

In September 2010, the Company issued RMB2,720 million USD settled 4.5% convertible bonds due 2015 (the "CB"). The Company repurchased some of the CB with an aggregate principal amount of RMB80 million on 18 July 2013. The repurchased bonds had been cancelled in accordance with the terms of the CB. Following the cancellation of the repurchased bonds, the aggregate principal amount of the CB remaining outstanding was RMB2,640 million. Details of the transaction are set out in the announcement of the Company dated 18 July 2013. In addition, on 29 September 2013, the Company redeemed an aggregate principal amount of RMB2,206.5 million of the CB as a result of certain holders of the CB exercised their options to require the Company to redeem the CB in accordance with the terms of the CB. Details of the transaction are set out in the announcement of the Company dated 2 September 2013. Immediately after the redemption, the aggregate principal amount of the CB remaining outstanding was RMB433.5 million. The Company had redeemed all outstanding CB with an aggregate principal amount of RMB433.5 million together with interest and any other amounts payable under the CB at the maturity date on 29 September 2015.

In January 2011, Shui On Development (Holding) Limited ("SODH") issued RMB3,500 million USD settled 7.625% senior notes due 2015 (the "2015 SODH RMB Notes"). Following the completion of the RMB Notes Exchange and Tender Offer (as defined in the announcement of the Company dated 13 May 2014), the aggregate principal amount of the 2015 SODH RMB Notes remained outstanding was RMB1,190.99 million and SODH had fully repaid this outstanding principal amount of the 2015 SODH RMB Notes together with the accrued and unpaid interest upon its maturity on 26 January 2015.

In January 2012, Shui On Development (Singapore) Pte. Ltd. ("SODS") issued SGD250 million 8% senior notes due 2015 (the "2015 SODS Notes"). SODS had fully repaid the principal amount of the outstanding 2015 SODS Notes together with the accrued and unpaid interest upon its maturity on 26 January 2015.

In February and August 2012, SODH issued an aggregate of USD875 million 9.75% senior notes due 2015 (the "2015 SODH USD Notes"). Following the completion of the USD Notes Exchange Offer (as defined in the announcement of the Company dated 13 May 2014), the 2015 SODH USD Notes that remained outstanding was USD457.21 million and SODH had fully repaid this outstanding principal amount of the 2015 SODH USD Notes together with the accrued and unpaid interest upon its maturity on 16 February 2015.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 70 to 83.

CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in Note 44 to the consolidated financial statements also constituted non-exempt connected transactions of the Company and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions are the connected transactions of the Company and its subsidiaries during the year under review, certain of which are ongoing.

(1) CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE PROVISION OF CONSTRUCTION SERVICES BY DALIAN YIDA DEVELOPMENT COMPANY LIMITED ("DALIAN YIDA")(PREVIOUSLY BY YIDA GROUP CO., LTD. ("YIDA PRC") AND ITS SUBSIDIARIES (THE "YIDA PRC GROUP")) FOR DALIAN TIANDI

On 7 August 2008, Richcoast Group Limited ("Richcoast") and Yida PRC entered into a framework construction agreement, pursuant to which the Yida PRC Group may enter into contracts with Richcoast and its subsidiaries (collectively as the "Richcoast Group") to perform site formation and construction works, which include excavation and/or back filling, clearance of the construction site, removal of the construction garbage, setting up a drainage system and construction of the main structures on the land area constituting Dalian Tiandi for a term expiring no later than 31 December 2010. The term of the agreement was subsequently extended to 31 December 2011 by a supplemental agreement dated 17 July 2009 and further extended to 31 December 2012 by a second supplemental agreement dated 26 August 2010. On 23 November 2012, Richcoast and Yida PRC entered into the third supplemental agreement to the framework construction agreement to provide guidelines and basis of annual caps for the provision of construction services by the Yida PRC Group to the Richcoast Group for a further term of three financial years ended on 31 December 2015. The maximum annual fees for the construction services provided by the Yida PRC Group to the Group for each of the three years ended on 31 December 2015 should not exceed RMB1,000 million.

On 4 December 2015, Richcoast, Yida PRC and Dalian Yida entered into the fourth supplemental agreement to the framework construction agreement, whereby the parties agreed that Yida PRC transferred, and Dalian Yida accepted the transfer of, all the rights and obligations of Yida PRC under the framework construction agreement effective from 1 January 2016 as Yida PRC no longer engaged in construction work; and the term of the framework construction agreement should be further extended for three financial years ending on 31 December 2018.

As at 4 December 2015, Yida PRC and its ultimate beneficial owner were third parties independent of the Company and its connected person. Dalian Yida, through its wholly-owned subsidiary, is a substantial shareholder of Dalian Delan Software Development Co., Ltd., Dalian Jiadao Information Co., Ltd., Dalian Qiantong Science & Technology Development Co., Ltd. and Dalian Ruisheng Software Development Co., Ltd., all being non-wholly owned subsidiaries of the Company for the purpose of the Listing Rules. Therefore, Dalian Yida is a connected person of the Company.

The Group expected that the maximum annual fees for the construction services provided by the Dalian Yida to the Group for each of the three years ending on 31 December 2018 would not exceed RMB600 million.

An amount of RMB693 million was paid and/or is payable by the Richcoast Group to the Yida PRC Group for the construction services fees during the year under review.

(2) USE OF AIRCRAFT OWNED BY A SUBSIDIARY OF SOCL

On 4 September 2009, the Company entered into an agreement with Top Dynasty Investment Limited ("Top Dynasty") pursuant to which the Group may use an aircraft owned by Top Dynasty for the purpose of transporting passengers for business of the Group. As Top Dynasty is a subsidiary of SOCL, the transactions contemplated under the agreement constitute continuing connected transactions of the Company under the Listing Rules.

The term of the agreement was extended to 31 December 2013 by a supplemental agreement dated 2 November 2010 and further extended to 31 December 2016 by a second supplemental agreement dated 18 September 2013. The fees payable under the agreement are calculated based on the actual travelling schedules of the passengers.

It was expected that the maximum annual fees payable by the Group to Top Dynasty and its affiliates under the agreement for each of the three financial years ending on 31 December 2016 would not exceed RMB15 million, RMB15.8 million and RMB16.6 million respectively.

An amount of RMB7.97 million was paid and/or is payable by the Group to Top Dynasty and its affiliates for the use of aircraft during the year under review.

(3) CONTINUING CONNECTED TRANSACTIONS WITH V I CAPITAL MANAGEMENT LIMITED ("VICAP") IN RESPECT OF THE PROVISION OF ADVISORY SERVICES BY VICAP TO THE GROUP

On 1 April 2015, SODH and ViCap entered into the framework services agreement pursuant to which the Group may enter into service contracts with ViCap for the provision of the advisory services, including but not limited to financial advisory services, merger and acquisition services, divestment consultancy services, etc., in accordance with the terms of the framework services agreement by ViCap to the Group during the period of two years commenced from 1 April 2015 to 31 March 2017. ViCap shall provide to the Group the services on such normal commercial terms as ViCap may agree with the Group from time to time. Details of the transactions were set out in the announcement of the Company dated 1 April 2015.

ViCap is wholly-owned by Mr. Frankie Y. L. WONG who is a Director and a connected person of the Company. Therefore, ViCap is an associate of a connected person of the Company at the listed issuer level and thus a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the framework services agreement constituted continuing connected transactions for the Company under the Listing Rules.

The Group estimated that the maximum caps for the service fees payable by the Group to ViCap under the framework services agreement for the periods (i) from 1 April 2015 to 31 December 2015 would be RMB25 million; (ii) from 1 January 2016 to 31 December 2016 would be RMB20 million; and (iii) from 1 January 2017 to 31 March 2017 would be RMB5 million respectively.

No service fee was paid and/or is payable by the Group to ViCap in respect of the advisory services provided by ViCap to the Group during the year under review.

(4) THE SALE AND THE REPURCHASE OF THE ECONOMIC INTEREST RELATING TO CERTAIN RESIDENTIAL UNITS AT WUHAN TIANDI PROJECT

On 27 February 2015, SODH, a wholly-owned subsidiary of the Company, as the seller and Business Infinity Global Limited ("Business Infinity") as the purchaser entered into the investment agreement, pursuant to which SODH agreed to sell and Business Infinity agreed to purchase the ownership of and the right to receive the participation payment (the "Economic Interest") relating to certain residential units at Wuhan Tiandi Project for a total cash consideration of RMB140,340,333 (the "Investment Agreement"). The transaction was to facilitate the collection of offshore sale proceeds generated from the sale of onshore interest, which provides cash flowing in to support future development of the Group. Details of the transaction were set out in the announcement of the Company dated 27 February 2015.

On 7 September 2015, SODH as the purchaser and Business Infinity as the seller entered into the repurchase agreement, pursuant to which Business Infinity agreed to sell and SODH agreed to repurchase the Economic Interest in relation to certain residential units at Wuhan Tiandi Project for a total cash consideration of RMB143,450,000 (the "Repurchase Agreement"). The transaction was to enable the Company to obtain higher return from the sale of luxurious properties in Wuhan, the PRC due to the loosened control measures implemented by the PRC government as well as to reduce the management cost of the Company. Details of the transaction were set out in the announcement of the Company dated 7 September 2015.

Business Infinity is an associate of Mr. Lo who is a connected person of the Company at the listed issuer level for the purpose of the Listing Rules and thus a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Investment Agreement and the Repurchase Agreement respectively constituted connected transactions of the Company under the Listing Rules.

(5) ISSUE OF NEW SHARES PURSUANT TO CONNECTED EMPLOYEE SHARE AWARD SCHEME

On 1 April 2015, the Company announced that it adopted the employee share award scheme and the connected employee share award scheme (the "Connected Employee Share Award Scheme") (collectively, the "Schemes") on the same date. Pursuant to the terms of the Schemes, the Remuneration Committee of the Company may, from time to time, at its absolute discretion, select eligible persons to participate in the Schemes as selected participants, subject to the terms and conditions set out in the Schemes; and the awards granted by the Remuneration Committee of the Company to the selected participants pursuant to the terms of the employee share award scheme or the Connected Employee Share Award Scheme (as the case may be) (the "Awards") will be satisfied by (i) the ordinary shares of the Company (the "Shares") to be acquired by the trustee from the market, or (ii) new Shares of the Company to be allotted and issued to the trustee by the Company at the costs of the Company, and will be held on trust by the trustee for the selected participants before vesting. The total number of Shares to be awarded under the Employee Share Award Scheme and the Connected Employee Share Award Scheme shall not exceed 5% of the total number of issued Shares from time to time. The maximum number of Shares which may be granted to a selected participant but unvested under each of the Schemes shall not exceed 1% of the total number of issued Shares from time to time.

On 1 April 2015, the Board resolved to grant Awards for a total of 17,149,000 Award Shares (which, depending on the performance of the Company, may be adjusted to a maximum of 42,872,500 Award Shares) to 15 eligible persons (who are connected persons of the Company) in accordance with the terms of the Connected Employee Share Award Scheme. The Board has further resolved to satisfy such Awards by the allotment and issue of new Shares to the trustee on trust for the connected grantees, conditional upon the grant of approval by the Independent Shareholders and the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such new Shares. Details of the above transactions were set out in the announcement and the circular of the Company dated 1 April 2015 and 30 April 2015 respectively.

Since each of the connected grantees are connected persons of the Company by virtue of being a director of member(s) of the Group, the proposed grant of Award Shares to them constituted connected transactions of the Company under the Listing Rules.

(6) EXERCISE OF OPTION BY MITSUI IN RELATION TO GLORY LAND INVESTMENT LIMITED ("GLORY LAND")

Reference was made to the announcement of the Company dated 22 August 2012 (the "Announcement") in relation to, among other things, the Shareholders' Agreement relating to Glory Land which contained the terms regarding the grant of the first option to Mitsui Fudosan Residential Co., Ltd. ("Mitsui") whereby Mitsui may terminate the Shareholders' Agreement and shall thereafter sell and SODH shall purchase the first option buyback interest. Details of the transaction were set out in the Announcement.

On 27 November 2015, the Company announced that on 12 October 2015, Mitsui exercised the first option and the amount payable by SODH to Mitsui for the purchase of the first option buyback interest should be RMB177,143,685.94. After the completion of the exercise of the first option on 30 November 2015, the interest of SODH in Glory Land had been increased from 51% to 100% resulting in Glory Land becoming an indirect wholly-owned subsidiary of the Company.

Mitsui is a connected person of the Company for the purpose of the Listing Rules. Therefore, the transaction constituted a connected transaction of the Company under the Listing Rules.

(7) ACQUISITION OF 15% EQUITY INTERESTS IN瑞安建築有限公司(SHUI ON CONSTRUCTION CO., LTD.*) ("SOCM")

On 7 December 2015, 上海建五實業有限公司 (Shanghai Jianwu Industrial Co., Ltd.*) as the seller ("SH Jianwu") and 重慶豐德豪門實業有限公司 (Chongqing Fengde Haomen Industial Co., Ltd.*) as the purchaser ("CQ Fengde"), an indirect wholly-owned subsidiary of the Company holding 15% of the equity interests in SOCM, entered into the sale and purchase agreement, pursuant to which SH Jianwu agreed to sell and CQ Fengde agreed to purchase 15% of the equity interests in SOCM for a total consideration of RMB22.2 million. Upon completion of the above acquisition, SOCM would become indirectly wholly owned by the Company which facilitates the decision-making process by SOCM with the Company being the sole shareholder. Details of the acquisition were set out in the announcement of the Company dated 7 December 2015.

SH Jianwu is a connected person of the Company at the subsidiary level by virtue of its 15% equity interests in SOCM (where SOCM is an indirect non-wholly owned subsidiary of the Company). Accordingly, the acquisition constituted a connected transaction of the Company under the Listing Rules.

(8) PROVISION OF FINANCIAL SUPPORT TO THE RICHCOAST GROUP

On 31 December 2015, Innovate Zone Group Limited ("Innovate Zone") as financial support provider entered into the financial support agreement with Richcoast as financial support receiver pursuant to which Innovate Zone agreed to lend or procure its associates to lend, and Richcoast agreed to borrow or procure its subsidiaries to borrow the loans in an aggregate amount of RMB240 million made by Innovate Zone and/or its associates to the Richcoast Group by entering into separate loan agreements. Details of the transaction were set out in the announcement of the Company dated 31 December 2015.

Richcoast is a connected subsidiary of the Company for the purposes of the Listing Rules. Therefore, the provision of loans by Innovate Zone and/or its associates to the Richcoast Group constituted a connected transaction for the Company under the Listing Rules.

* For identification purpose only

Pursuant to Rule 14A.55 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the above continuing connected transactions referred to in items (1) to (3) above and are of the opinion that the continuing connected transactions as stated in items (1) to (3) above have been entered into:

(i) in the ordinary and usual course of business of the Group;
(ii) on normal commercial terms; and
(iii) in accordance with the terms of the respective agreements which are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions referred to in items (1) to (3) disclosed by the Group in the Annual Report in accordance with Rule 14A.56 of the Listing Rule. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in Note 44 to the consolidated financial statements, no contract to which the Company, or any of the subsidiaries of the Company was a party, and in which a Director of the Company had, at any time during the year, whether directly or indirectly, an interest, (being, in either case, in the opinion of the Directors, a contract of significance in relation to the Company's business and in which the Director's interest is or was material), subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

At 31 December 2015, the following Director or his associates is considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

Name of Director	Name of businesses which entity are considered to compete or likely to compete with the businesses of the Group	Description of the businesses of the entity which are considered to compete with the businesses of the Group	Nature of interest of the Director in the entity
Mr. Lo	SOCL	Property investment in the PRC	Director and controlling shareholder
Mr. Lo	SOCAM	Property investment in the PRC	Director and controlling shareholder
Mr. Lo	Great Eagle Holdings Limited	Property investment in the PRC	Director

There is a deed of non-competition dated 30 May 2006 (the "Deed") and entered into between Mr. Lo, SOCL and the Company pursuant to which Mr. Lo and SOCL have given certain undertakings to the Company, among others, that the Company is to be the flagship company of the Shui On Group (that is, SOCL and its subsidiaries and for the purpose of this section "Directors' Interests in Competing Business", excluding SOCAM and its subsidiaries) for the Shui On Group's property development and investment business in the PRC and concerning the Shui On Group's investment in future property development projects in the PRC. Such information has been disclosed in the Company's prospectus dated 20 September 2006. In respect of the year ended 31 December 2015, the Company has received from each of Mr. Lo and SOCL a confirmation on compliance with the noncompetition undertakings as contemplated under the Deed.

Save as aforesaid, as of the date of this report, none of the Directors of the Company has an interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 26 January 2011, a written agreement (the "2015 Indenture") was entered into between the Company as guarantor, SODH as issuer and DB Trustee (Hong Kong) Limited ("DB") as trustee of the 2015 SODH RMB Notes, pursuant to which the 2015 SODH RMB Notes were issued. The 2015 Indenture provided that upon the occurrence of a Change of Control (as defined in the 2015 Indenture), SODH will make an offer to repurchase all outstanding 2015 SODH RMB Notes, at a purchase price equal to the U.S. Dollar Settlement Amount of 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 26 January 2011. Following the completion of the RMB Notes Exchange and Tender Offer (as defined in the announcement of the Company dated 13 May 2014), the aggregate principal amount of the 2015 SODH RMB Notes remained outstanding was RMB1,190.99 million and SODH had fully repaid this outstanding principal amount together with the accrued and unpaid interest upon its maturity on 26 January 2015.

On 26 January 2012, a written agreement (the "2015 SODS Indenture") was entered into between the Company and SODH as guarantors, SODS as issuer and DB as trustee of the 2015 SODS Notes, pursuant to which the 2015 SODS Notes were issued. The 2015 SODS Indenture provided that upon the occurrence of a Change of Control (as defined in the 2015 SODS Indenture), the Company, SODH or SODS will make an offer to repurchase all outstanding 2015 SODS Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 26 January 2012. SODS had fully repaid the principal amount of the outstanding 2015 SODS Notes together with the accrued and unpaid interest upon its maturity on 26 January 2015.

On 16 February 2012 and 29 February 2012 respectively, two written agreements (together, the "2015 SODH Indenture") were entered into between the Company as guarantor, SODH as issuer and DB as trustee of the USD475 million 9.75% senior notes due 2015 issued by SODH (being "Batch One of the 2015 SODH USD Notes"), pursuant to which Batch One of the 2015 SODH USD Notes were issued. The 2015 SODH Indenture provides that upon the occurrence of a Change of Control (as defined in the 2015 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding Batch One of the 2015 SODH USD Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 1 March 2012. Please also refer to the paragraph on the Additional 2015 SODH USD Notes below.

On 30 July 2012, the Company and SODH entered into a purchase agreement with Deutsche Bank AG, Singapore Branch, Standard Chartered Bank and UBS AG, Hong Kong Branch in connection with the issue of USD400 million 9.75% senior notes due 2015 (being the "Additional 2015 SODH USD Notes" which together with Batch One of the 2015 SODH USD Notes formed the whole of 2015 SODH USD Notes). The Additional 2015 SODH USD Notes were issued pursuant to the 2015 SODH Indenture. Details of the transaction were set out in the announcement of the Company dated 7 August 2012. Following the completion of the USD Notes Exchange Offer (as defined in the announcement of the Company dated 13 May 2014), the 2015 SODH USD Notes that remained outstanding was USD457.21 million and SODH had fully repaid this outstanding principal amount of the 2015 SODH USD Notes together with the accrued and unpaid interest upon its maturity on 16 February 2015.

On 10 December 2012, a written agreement (the "Trust Deed") was entered into between the Company as guarantor, SODH as issuer and DB as trustee of the USD500 million perpetual capital securities issued by SODH (the "Perpetual Securities"), pursuant to which the Perpetual Securities were issued. The Trust Deed provides that if (a) SODH fails to comply with any of the covenants set out in the terms and conditions of the Perpetual Securities and such breach continues or (b) SODH does not redeem the Perpetual Securities following the occurrence of a change of control (as defined in the terms and conditions of the Perpetual Securities) or fails to make or consummate an offer to purchase, the then-prevailing distribution rate shall be increased by 3% per annum with effect from (and including) the date on which such change of control occurs, provided that the maximum aggregate increase in the distribution rate shall be 3% per annum. Details of the transaction were set out in the announcement of the Company dated 11 December 2012.

On 26 February 2014, a written agreement (the "2017 CNH Indenture") was entered into between the Company as guarantor, SODH as issuer and DB as trustee of the RMB2,500 million 6.875% senior notes due 2017 issued by SODH (the "2017 CNH Notes"), pursuant to which the 2017 CNH Notes were issued. The 2017 CNH Indenture provides that upon the occurrence of a Change of Control (as defined in the 2017 CNH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2017 CNH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 27 February 2014.

On 19 May 2014, two written agreements (respectively the "2018 SODH Indenture" and the "2020 SODH Indenture") were entered into between the Company as guarantor, SODH as issuer and DB as trustee of the USD637,027,000 8.700% senior notes due 2018 (the "2018 SODH Notes") and USD202,487,000 9.750% senior notes due 2020 (the "2020 SODH Notes") issued by SODH, pursuant to which the 2018 SODH Notes and 2020 SODH Notes were issued. The 2018 SODH Indenture and the 2020 SODH Indenture provide that upon the occurrence of a Change of Control (as defined in the 2018 SODH Indenture and 2020 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2018 SODH Notes and 2020 SODH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 20 May 2014.

On 10 June 2014, a written agreement (the "2019 SODH Indenture") was entered into between the Company as guarantor, SODH as issuer and DB as trustee of the USD550 million 9.625% senior notes due 2019 issued by SODH (the "2019 SODH Notes"), pursuant to which the 2019 SODH Notes were issued. The 2019 SODH Indenture provides that upon the occurrence of a Change of Control (as defined in the 2019 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2019 SODH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 11 June 2014.

On 7 November 2014, the Group entered into a facility agreement with a syndicate of banks (the "Syndicate Loan Agreement") whereby the Group was granted a two-year term loan facility divided into (1) tranche A in an aggregate amount equals to HKD1,000 million; and (ii) tranche B in an aggregate amount equals to USD121.5 million (the "Syndicated Loan") for the general working capital requirement of the Group. Pursuant to the Syndicate Loan Agreement, there is a requirement that Mr. Lo (i) beneficially owns at least 35% of the issued share capital of the Company and be the single largest shareholder of the Company; (ii) be the Chairman of the Company and (iii) maintains management control of the Company. Details of the transaction were set out in the announcement of the Company dated 7 November 2014.

On 24 November 2014, a written agreement (the "2017 SODH Indenture") was entered into between the Company as guarantor, SODH as issuer and DB as trustee of the USD500 million 8.70% senior notes due 2017 issued by SODH (the "2017 SODH Notes"), pursuant to which the 2017 SODH Notes were issued. The 2017 SODH Indenture provides that upon the occurrence of a Change of Control (as defined in the 2017 SODH Indenture), the Company or SODH will make an offer to repurchase all outstanding 2017 SODH Notes, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, at the date of repurchase. Details of the transaction were set out in the announcement of the Company dated 25 November 2014.

Any breach of the above obligations will cause a default in respect of the Perpetual Securities, the 2017 CNH Notes, the 2018 SODH Notes, the 2020 SODH Notes, the 2019 SODH Notes, the Syndicated Loan and the 2017 SODH Notes and may trigger cross defaults in other outstanding debts of the Group, in the aggregate amount of approximately RMB6,205 million at 31 December 2015.

REMUNERATION POLICY

The remuneration policy of the Group to reward its employees is based on individual performance, qualifications and competence displayed.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

PROVIDENT AND RETIREMENT FUND SCHEMES

Details of the Group's provident and retirement fund schemes are shown in Note 38 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float during the year ended 31 December 2015, as required under the Listing Rules.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to RMB1 million (2014: RMB6 million).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group sales were attributable to the top five customers of the Group. During the year, our five largest construction contractors accounted for approximately 40% of our total payments for construction services.

AUDITOR

A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Vincent H. S. LO
Chairman

16 March 2016

Deloitte.
德勤

TO THE SHAREHOLDERS OF SHUI ON LAND LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Shui On Land Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 118 to 218, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

16 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 RMB'million	2014 RMB'million
Turnover			
– The Company and its subsidiaries (the "Group")		6,472	10,249
– Share of associates		167	446
		6,639	10,695
Turnover of the Group	5	6,472	10,249
Cost of sales		(4,783)	(6,803)
Gross profit		1,689	3,446
Other income	6	437	348
Selling and marketing expenses		(227)	(253)
General and administrative expenses		(899)	(981)
Operating profit	7	1,000	2,560
Gain on investment properties disposed of	39(a)	3,174	–
Increase in fair value of the remaining investment properties	13	2,970	2,978
Other gains and losses	6	(123)	(26)
Share of losses of associates and joint ventures		(314)	(173)
Finance costs, inclusive of exchange differences	8	(2,619)	(921)
Profit before taxation		4,088	4,418
Taxation	9	(2,321)	(1,933)
Profit for the year		1,767	2,485
Attributable to:			
Shareholders of the Company		788	1,778
Owners of convertible perpetual securities		174	224
Owners of perpetual capital securities		316	311
Owners of convertible perpetual capital securities		61	–
Non-controlling shareholders of subsidiaries		428	172
		979	707
		1,767	2,485
Earnings per share	12		
– Basic		RMB0.10	RMB0.22
– Diluted		RMB0.05	RMB0.22

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 RMB'million	2014 RMB'million
Profit for the year		1,767	2,485
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translation of foreign operations		(59)	(3)
Fair value adjustments on interest rate swaps designated as cash flow hedges	35	(2)	2
Fair value adjustments on cross currency swaps designated as cash flow hedges	35	(5)	(52)
Reclassification from hedge reserve to profit or loss	35	26	55
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	38	2	6
Gain on revaluation of properties transferred from property, plant and equipment and prepaid lease payments to investment properties, net of tax		–	33
Other comprehensive (expense) income for the year		(38)	41
Total comprehensive income for the year		1,729	2,526
Total comprehensive income attributable to:			
Shareholders of the Company		750	1,819
Owners of convertible perpetual securities		174	224
Owners of perpetual capital securities		316	311
Owners of convertible perpetual capital securities		61	–
Non-controlling shareholders of subsidiaries		428	172
		979	707
		1,729	2,526

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2015

	Notes	2015 RMB'million	2014 RMB'million
Non-current assets			
Investment properties	13	55,600	58,162
Property, plant and equipment	15	2,268	1,418
Prepaid lease payments	16	128	131
Interests in associates	18	562	913
Interests in joint ventures	19	27	70
Loans to associates	18	1,962	1,804
Loans to joint ventures	19	2,912	1,735
Accounts receivable and prepayments	20	504	406
Amounts due from associates	18	1,878	1,242
Pledged bank deposits	21	2,008	2,300
Derivative financial instruments	35	450	–
Deferred tax assets	37	554	402
		68,853	68,583
Current assets			
Properties under development for sale	17	20,102	14,684
Properties held for sale	22	2,560	4,648
Accounts receivable, deposits and prepayments	20	10,344	8,726
Amounts due from related companies	23	724	659
Amounts due from joint ventures	19	21	–
Amounts due from customers for contract work	20A	103	90
Amounts due from non-controlling shareholders of subsidiaries	24	–	34
Pledged bank deposits	21	981	991
Restricted bank deposits	21	4,281	2,471
Bank balances and cash	21	3,344	6,668
		42,460	38,971
Assets classified as held for sale	14	5,857	769
		48,317	39,740
Current liabilities			
Accounts payable, deposits received and accrued charges	25	13,340	6,926
Amounts due to related companies	23	310	240
Amounts due to non-controlling shareholders of subsidiaries	24	11	10
Tax liabilities		1,301	1,242
Bank and other borrowings – due within one year	27	12,778	5,779
Convertible bonds	30	–	419
Senior notes	31	–	5,275
Derivative financial instruments	35	37	214
Liabilities arising from rental guarantee arrangements	36	320	282
		28,097	20,387
Liabilities associated with assets classified as held for sale	14	1,813	–
		29,910	20,387
Net current assets		18,407	19,353
Total assets less current liabilities		87,260	87,936

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2015

	Notes	2015 RMB'million	2014 RMB'million
Capital and reserves			
Share capital	28	145	145
Reserves	29	36,500	37,666
Equity attributable to shareholders of the Company		36,645	37,811
Convertible perpetual securities	32	16	2,898
Convertible perpetual capital securities	33	1,346	–
Perpetual capital securities	34	3,050	3,051
Non-controlling shareholders of subsidiaries		5,061	1,162
		9,473	7,111
Total equity		46,118	44,922
Non-current liabilities			
Accounts payable and accrued charges	25	48	72
Bank and other borrowings – due after one year	27	20,559	22,630
Senior notes	31	14,655	13,862
Derivative financial instruments	35	238	89
Liabilities arising from rental guarantee arrangements	36	370	249
Loans from non-controlling shareholder of a subsidiary	26	–	70
Deferred tax liabilities	37	5,242	6,006
Defined benefit liabilities	38	30	36
		41,142	43,014
Total equity and non-current liabilities		87,260	87,936

The consolidated financial statements on pages 118 to 218 were approved and authorised for issue by the Board of Directors on 16 March 2016 and are signed on its behalf by:

VINCENT H. S. LO
DIRECTOR

DOUGLAS H. H. SUNG
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to shareholders of the Company						
	Share capital RMB' million	Share premium RMB' million	Merger reserve RMB' million (note 29(a))	Special reserve RMB' million (note 29(b))	Share option reserve RMB' million	Share award reserve RMB' million	Exchange reserve RMB' million
At 1 January 2014	145	18,020	122	(135)	199	–	(46)
Profit for the year	–	–	–	–	–	–	–
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	(3)
Fair value adjustments on interest rate swaps designated as cash flow hedges (note 35)	–	–	–	–	–	–	–
Reclassification from hedge reserve to profit or loss (note 35)	–	–	–	–	–	–	–
Fair value adjustments on cross currency swaps designated as cash flow hedges (note 35)	–	–	–	–	–	–	–
Remeasurement of defined benefit obligations (note 38)	–	–	–	–	–	–	–
Gain on revaluation of properties transferred from property, plant and equipment and prepaid lease payments to investment properties under construction or development	–	–	–	–	–	–	–
Deferred tax arising from gain on revaluation of properties transferred from property, plant and equipment and prepaid lease payments to investment properties under construction or development	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	–	(3)
Recognition of equity-settled share-based payment expenses	–	–	–	–	6	–	–
Issue of convertible perpetual securities (note 32)	–	–	–	–	–	–	–
Expenditure incurred on issue of convertible perpetual securities (note 32)	–	–	–	–	–	–	–
Capital injection	–	–	–	–	–	–	–
Acquisition of subsidiaries (note 39(f))	–	–	–	–	–	–	–
Acquisition of additional interests in subsidiaries (note 39(g))	–	–	–	–	–	–	–
Acquisition of non-controlling interests in certain subsidiaries (note 39(b))	–	–	–	–	–	–	–
Adjustments to other reserve upon acquisition of non-controlling interests (note 29(c)(v))	–	–	–	–	–	–	–
Disposal of subsidiaries (note 39(h))	–	–	–	–	–	–	–
Dividend paid to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–
Total dividends of HK$0.062 per share paid, comprising 2013 final dividend of HK$0.04 per share and 2014 interim dividend of HK$0.022 per share	–	–	–	–	–	–	–
Distribution to owners of perpetual capital securities, including consent fee of RMB42 million paid to holders of perpetual capital securities relating to the issue of the convertible perpetual securities	–	–	–	–	–	–	–
Distribution to owners of convertible perpetual securities	–	–	–	–	–	–	–
At 31 December 2014	145	18,020	122	(135)	205	–	(49)
At 1 January 2015	145	18,020	122	(135)	205	–	(49)
Profit for the year	–	–	–	–	–	–	–
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	(59)
Fair value adjustments on interest rate swaps designated as cash flow hedges (note 35)	–	–	–	–	–	–	–
Reclassification from hedge reserve to profit or loss (note 35)	–	–	–	–	–	–	–
Fair value adjustments on cross currency swaps designated as cash flow hedges (note 35)	–	–	–	–	–	–	–
Remeasurement of defined benefit obligations (note 38)	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	–	(59)
Recognition of equity-settled share-based payment expenses	–	–	–	–	4	–	–
Lapse of share options	–	–	–	–	(83)	–	–
Recognition of equity-settled share-based payment expenses under the share award scheme (note 40)	–	–	–	–	–	8	–
Issue of convertible perpetual capital securities (note 33)	–	–	–	–	–	–	–
Expenditure incurred on issue of convertible perpetual capital securities (note 33)	–	–	–	–	–	–	–
Capital injection	–	–	–	–	–	–	–
Acquisition of the remaining interests in subsidiaries (note 39(d))	–	–	–	–	–	–	–
Acquisition of the remaining interest in a subsidiary (note 39(e))	–	–	–	–	–	–	–
Disposal of subsidiaries (note 39(a))	–	–	–	–	–	–	–
Acquisition of additional interests in a joint venture (note 39(b))	–	–	–	–	–	–	–
Dividend paid to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–
Total dividends of HK$0.062 per share paid, comprising 2014 final dividend of HK$0.04 per share and 2015 interim dividend of HK$0.022 per share	–	–	–	–	–	–	–
Settlement of convertible bond upon maturity (note 30)	–	–	–	–	–	–	–
Conversion of convertible perpetual securities (note 32)	–	–	–	–	–	–	–
Distribution to owners of perpetual capital securities	–	–	–	–	–	–	–
Distributions to owners of convertible perpetual securities	–	–	–	–	–	–	–
Distribution to owners of convertible perpetual capital securities	–	–	–	–	–	–	–
At 31 December 2015	145	18,020	122	(135)	126	8	(108)

	Attributable to shareholders of the Company											
	Convertible bond equity reserve RMB' million	Hedge reserve RMB' million	Other reserves RMB' million (note 29(c))	Property revaluation reserve RMB' million	Retained earnings RMB' million	Sub-total RMB' million	Convertible perpetual securities RMB' million (note 32)	Convertible perpetual capital securities RMB' million (note 33)	Perpetual capital securities RMB' million (note 34)	Non-controlling shareholders of subsidiaries RMB' million	Sub-total RMB' million	Total RMB' million
	96	(32)	619	31	17,136	36,155	–	–	3,094	2,925	6,019	42,174
	–	–	–	–	1,778	1,778	224	–	311	172	707	2,485
	–	–	–	–	–	(3)	–	–	–	–	–	(3)
	–	2	–	–	–	2	–	–	–	–	–	2
	–	55	–	–	–	55	–	–	–	–	–	55
	–	(52)	–	–	–	(52)	–	–	–	–	–	(52)
	–	–	–	–	6	6	–	–	–	–	–	6
	–	–	–	44	–	44	–	–	–	–	–	44
	–	–	–	(11)	–	(11)	–	–	–	–	–	(11)
	–	5	–	33	1,784	1,819	224	–	311	172	707	2,526
	–	–	–	–	–	6	–	–	–	–	–	6
	–	–	–	–	–	–	2,896	–	–	–	2,896	2,896
	–	–	–	–	–	–	(94)	–	–	–	(94)	(94)
	–	–	–	–	–	–	–	–	–	50	50	50
	–	–	–	–	–	–	–	–	–	18	18	18
	–	–	(84)	–	2	(82)	–	–	–	(71)	(71)	(153)
	–	–	120	–	–	120	–	–	–	(1,657)	(1,657)	(1,537)
	–	–	188	–	–	188	–	–	–	(188)	(188)	–
	–	–	–	–	–	–	–	–	–	(51)	(51)	(51)
	–	–	–	–	–	–	–	–	–	(36)	(36)	(36)
	–	–	–	–	(395)	(395)	–	–	–	–	–	(395)
	–	–	–	–	–	–	–	–	(354)	–	(354)	(354)
	–	–	–	–	–	–	(128)	–	–	–	(128)	(128)
	96	(27)	843	64	18,527	37,811	2,898	–	3,051	1,162	7,111	44,922
	96	(27)	843	64	18,527	37,811	2,898	–	3,051	1,162	7,111	44,922
	–	–	–	–	788	788	174	61	316	428	979	1,767
	–	–	–	–	–	(59)	–	–	–	–	–	(59)
	–	(2)	–	–	–	(2)	–	–	–	–	–	(2)
	–	26	–	–	–	26	–	–	–	–	–	26
	–	(5)	–	–	–	(5)	–	–	–	–	–	(5)
	–	–	–	–	2	2	–	–	–	–	–	2
	–	19	–	–	790	750	174	61	316	428	979	1,729
	–	–	–	–	–	4	–	–	–	–	–	4
	–	–	–	–	83	–	–	–	–	–	–	–
	–	–	–	–	–	8	–	–	–	–	–	8
	–	–	–	–	–	–	–	1,376	–	–	1,376	1,376
	–	–	–	–	–	–	–	(37)	–	–	(37)	(37)
	–	–	–	–	–	–	–	–	–	5	5	5
	–	–	(138)	–	58	(80)	–	–	–	(25)	(25)	(105)
	–	–	(57)	–	–	(57)	–	–	–	47	47	(10)
	–	–	9	–	–	9	–	–	–	–	–	9
	–	–	115	–	–	115	–	–	–	–	–	115
	–	–	–	–	–	–	–	–	–	(874)	(874)	(874)
	–	–	–	–	(399)	(399)	–	–	–	–	–	(399)
	(96)	–	–	–	96	–	–	–	–	–	–	–
	–	–	–	–	(1,516)	(1,516)	(2,802)	–	–	4,318	1,516	–
	–	–	–	–	–	–	–	–	(317)	–	(317)	(317)
	–	–	–	–	–	–	(254)	–	–	–	(254)	(254)
	–	–	–	–	–	–	–	(54)	–	–	(54)	(54)
	–	(8)	772	64	17,639	36,645	16	1,346	3,050	5,061	9,473	46,118

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 RMB'million	2014 RMB'million
Operating activities			
Profit before taxation		4,088	4,418
Adjustments for:			
Depreciation of property, plant and equipment		126	161
Net foreign exchange difference		49	(73)
Share of losses of associates and joint ventures		314	173
Loss on disposal of property, plant and equipment		3	3
Finance costs, inclusive of exchange differences		2,619	921
Interest income		(302)	(308)
Gain on investment properties disposed of		(3,174)	–
Increase in fair value of the remaining investment properties		(2,970)	(2,978)
Equity-settled share-based payment expenses		4	6
Share award expenses		8	–
Fair value gain on an option to buy back an investment property	35	(450)	–
Gain on disposal of subsidiaries		–	(136)
Gain on disposal of investment properties		(15)	–
Gain on acquisition of a subsidiary		–	(15)
Change in fair value of derivative financial instruments		126	146
Impairment loss on properties held for sale and properties under development for sale		292	131
Remeasurement of defined benefit liabilities		(6)	(15)
Fair value loss on remeasurement of liabilities under rental guarantee arrangements		439	160
Operating cash flows before movements in working capital		1,151	2,594
Increase in accounts receivable, deposits and prepayments		(1,778)	(3,763)
Increase in inventories of properties		(4,363)	(254)
Decrease in restricted bank deposits from property sales		281	84
Decrease in amounts due from related companies		51	439
Increase (decrease) in amounts due to related companies		70	(346)
Increase in amount due from joint ventures		(21)	–
Decrease in amount due from an associate		25	–
Decrease in amount due from non-controlling shareholders of subsidiaries		2	–
Increase in amount due from customers for contract work		(13)	–
Increase (decrease) in accounts payable, deposits received and accrued charges		4,893	(4,132)
Cash generated from (used in) operations		298	(5,378)
Tax paid		(1,188)	(1,393)
Net cash used in operating activities		(890)	(6,771)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 RMB'million	2014 RMB'million
Investing activities			
Interest received		104	197
Purchase of property, plant and equipment		(380)	(168)
Proceeds from disposal of property, plant and equipment		4	–
Additions to investment properties		(2,582)	(4,302)
Net proceeds from disposal of investment properties	36&39(a)	6,003	2,258
Acquisition of subsidiaries	39(c),(f)	(118)	(201)
Proceeds from disposal of assets classified as held for sale	14	714	–
Advances to associates		(842)	(704)
Repayments from associates		392	–
Advances to related companies		(1,138)	–
Repayments from related companies		1,022	–
Net cash outflow from disposal of a subsidiary in a share exchange transaction	39(b)	–	(303)
Net cash inflow on disposals of subsidiaries	39(h),(i)	–	575
Withdrawal of pledged bank deposits		2,146	1,735
Placement of pledged bank deposits		(1,937)	(1,626)
Acquisition of additional interests in an existing joint venture and shareholders' loan	39(b)	(992)	–
Placement of restricted bank deposits		–	(100)
Release of restricted bank deposits		100	–
Placement of restricted bank deposits solely for the purpose of the acquisition of equity interests in a subsidiary	21	(1,013)	–
Advance to a joint venture		(43)	–
Advance from non-controlling shareholders of subsidiaries		–	6
Repayment from non-controlling shareholders of subsidiaries		32	17
Net cash from (used in) investing activities		1,472	(2,616)
Financing activities			
Payments made under rental guarantee arrangements		(280)	(136)
Capital injected by non-controlling shareholders of subsidiaries		5	50
Cash outflow from acquisition of additional interests in subsidiaries	39(d),(e)	(187)	(373)
New bank and other borrowings raised		16,861	14,035
Repayment of bank and other borrowings		(11,474)	(9,201)
Settlement for derivative financial instruments designated as cash flow hedge		(159)	–
Issue of senior notes	31	–	10,605
Expenditure incurred on issue of senior notes	31	–	(534)
Repayment of senior notes	31	(5,157)	(1,350)
Issue of convertible perpetual securities	32	–	2,896
Expenditure on issue of convertible perpetual securities	32	–	(94)
Issue of convertible perpetual capital securities	33	1,376	–
Expenditure incurred on issue of convertible perpetual capital securities	33	(37)	–
Settlement of convertible bonds	30	(443)	–
Interest paid		(3,633)	(3,100)
Redemption of (placement of) restricted bank deposits solely for the purpose of repayment of senior notes	21	1,224	(1,224)
Payment of dividends		(399)	(395)
Distribution to owners of convertible perpetual securities		(254)	(128)
Distribution to owners of convertible perpetual capital securities		(54)	–
Distribution to owners of perpetual capital securities		(317)	(354)
Dividend payment to non-controlling shareholders of subsidiaries		(874)	(36)
Net cash (used in) from financing activities		(3,802)	10,661
Net (decrease) increase in cash and cash equivalents		(3,220)	1,274
Cash and cash equivalents at the beginning of the year		6,668	5,378
Effect of foreign exchange rate changes		(88)	16
Cash and cash equivalents at the end of the year		3,360	6,668
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		3,344	6,668
Bank balances and cash included in assets classified as held for sale (note 14)		16	–
		3,360	6,668

1. GENERAL

Shui On Land Limited (the "Company") was incorporated on 12 February 2004 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 4 October 2006. The Directors of the Company consider that its ultimate holding company is Shui On Company Limited ("SOCL"), a private limited liability company incorporated in the British Virgin Islands ("BVI") and its ultimate controlling party is Mr. Vincent H.S. Lo, who is also the Chairman and Executive Director of the Company.

The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are set out in note 49. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Application of new and revised IFRSs

In the current year, the Group has applied, for the first time, the following amendments to IFRSs that are mandatorily effective for annual periods beginning on 1 January 2015:

Amendments to IAS 19	Defined Benefits Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010 – 2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011 – 2013 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to IAS 1	Disclosure Initiative[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[3]
Amendments to IAS 27	Equity Method in Separate Financial Statements[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after a date to be determined

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IFRS 9 Financial Instruments

A final version of IFRS 9 (that includes classification and measurement of financial assets and financial liabilities, impairment and general hedge accounting) was issued in 2014.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

- An expected loss model (rather than an incurred loss model) has been adopted by IFRS 9.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting.

The Directors of the Company will assess the impact of the application of IFRS 9. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 9 until the Group performs a detailed review.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract(s)

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors of the Company will assess the impact of the application of IFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 16 until the Group performs a detailed review.

For other new and revised IFRSs, the Directors of the Company do not expect a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to certain provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and to streamline with IFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and derivative financial instruments which are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merger accounting for common control combinations (continued)

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, based on the carrying amount of the net assets attributable to the change in interests, and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses (that are not under common control) are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Cost incurred for investment properties under construction or development comprises development expenditure including professional charges directly attributable to the development and borrowing costs, and these costs are capitalised as part of the carrying amount of the investment properties under construction or development during the development period.

Subsequent to initial recognition, investment properties, including completed investment properties and certain investment properties under construction or development, are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

In circumstances where the fair values of investment properties under construction or development are not reliably determinable, such investment properties under construction or development are measured at cost less impairment, if any, until when their fair values become reliably determinable, which occur upon finalisation of the development plan, at which point in time the land and relocation costs and construction costs attributable to the investment property portion is reliably determinable.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the property) is included in the profit or loss in the period in which the property is derecognised.

Properties under construction or development are transferred from inventories to investment properties when and only when there is evidence that substantiates the change in use. Properties held for sale are transferred to investment properties when there is a commencement of operating lease. At the date of transfer, any difference between the fair value of the properties and their carrying amount is recognised in profit or loss.

Owner-occupied properties are transferred to investment properties when and only when there is a change in use evidenced by end of owner occupation. At the date of transfer, the properties are measured at their fair value, with any gain being recognised in other comprehensive income and accumulated in "property revaluation reserve", which will not be reclassified to profit or loss at the time of disposal (it will instead be transferred to retained earnings at the time of disposal).

Transfer from investment properties to property, plant and equipment will be made when there is a change in use evidenced by commencement of owner occupation. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as property, plant and equipment.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale (continued)

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Investment properties classified as held for sale are measured using the fair value model in accordance with IAS 40 *Investment Property*.

Property, plant and equipment

Property, plant and equipment, other than hotels under development, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Hotels under development held for owner's operation are stated at cost less subsequent accumulated impairment losses, if any. Cost comprises development expenditure including professional charges directly attributable to the development and borrowing cost capitalised during the development period. No depreciation is provided on the cost of hotels under development until hotels commence operation.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than hotels under development, over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments

Prepaid lease payments for leasehold land classified as operating leases are charged to the profit or loss on a straight-line basis over the period of the land use rights.

Properties under development for sale

Properties under development which are intended to be held for sale are carried at lower of cost and net realisable value and are shown as current assets. Cost includes the costs of land (including relocation costs), development expenditure incurred and, where appropriate, borrowing costs capitalised during construction period. Net realisable value is determined based on prevailing market conditions.

Properties under development for sales are transferred to properties held for sale upon completion of development activities, which is when the relevant completion certificates are issued by the respective government authorities.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development costs attributable to the properties held for sale. Net realisable value is determined based on prevailing market conditions.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets that include loans to associates, loans to joint ventures, accounts receivable, amounts due from associates, amounts due from related companies, amounts due from joint ventures, amounts due from non-controlling shareholders of subsidiaries, pledged bank deposits, restricted bank deposits, and bank balances and cash are categorised as loans and receivables in accordance with IAS 39. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using an effective interest method at the end of each subsequent period.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of loans and receivables have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contract, such as default or delinquency in interest and principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables (see note 20), assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When the trade receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

If, in a subsequent period, the amount of impairment loss of loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

A financial instrument issued by a group entity, which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, is classified as an equity instrument and is initially recorded at the proceeds received.

A non-derivative contract that will or may oblige the Group to deliver a fixed number of a group entity's own ordinary shares (subject to anti-dilutive adjustments) is classified as an equity instrument of the group entity. A derivative contract that will or may be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of a group entity's own equity instruments (subject to anti-dilutive adjustments) is classified as an equity instrument of the group entity.

Perpetual capital securities, convertible perpetual securities and convertible perpetual capital securities issued by the Group that have the above characteristics are classified as equity instruments.

Compound financial instruments – Convertible bonds

The component parts of the convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will or may be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments (subject to anti-dilutive adjustments) is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method (see below) until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the compound financial instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Other financial liabilities

The Group's other financial liabilities (including accounts payable, amounts due to related companies, amounts due to non-controlling shareholders of subsidiaries, loans from non-controlling shareholder of a subsidiary, senior notes, and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of "hedge reserve". The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in "finance costs". Amounts previously recognised in other comprehensive income and accumulated in "hedge reserve" are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in "hedge reserve" at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if designated as at fair value through profit or loss, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Modification of terms of financial liabilities

When the terms of a debt instrument issued by the Group are substantially different (e.g. the issuance of a new debt instrument to the holders in exchange for the existing debt instruments with substantially different terms), such a transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with the difference between the carrying amount of the financial liability extinguished and the fair value of the financial liability recognised in profit or loss. Related transaction costs are recognised in profit or loss when they are incurred.

When an exchange or a change in terms of a financial liability is not accounted for an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over remaining terms of the modified liability.

Both qualitative and quantitative factors are considered in determining whether an exchange or a change in terms of a financial liability is an extinguishment. Specifically, the terms are substantially different and hence the transaction is treated as an extinguishment if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Contingent rents are recorded as income in the periods in which they are earned.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

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

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

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies under "hedge accounting" above).

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "exchange reserve" (attributed to non-controlling interests as appropriate).

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Equity-settled share-based payment transactions

Share options granted to employees (including Directors of the Company)

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity-settled share-based payment transactions (continued)

Share options granted to consultants

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Share awards granted to employees (including Directors of the Company)

For share award schemes, the fair value of services received, determined by reference to the fair value of awarded shares granted at the grant date, is expensed on a straight-line basis over the vesting period, with a corresponding increase in share award reserve. At the time when the awarded shares are vested, the amount previously recognised in share award reserve and the amount recognised in equity for the shares issued will be transferred to retained earnings.

At the end of the reporting period, the Group revises its estimates of the number of award shares that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share award reserve.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "retirement benefits costs".

The retirement benefit obligation recognised in the consolidated statement of financial position includes the actual deficit or surplus in the Group's defined benefit plans.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Revenue from hotel operations is recognised when the relevant services are provided.

Property management fee income and rental related income are recognised in profit or loss when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing above.

Construction contracts

Where the outcome of a construction and building maintenance contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured by reference to the value of work carried out during the period. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction and building maintenance contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that probably will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under accounts receivable, deposits and prepayments.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

In measuring the Group's deferred taxation on certain investment properties measured at fair value, the Directors of the Company have determined that the presumption that the carrying amounts of these investment properties measured using the fair value model were recovered entirely through sales was not rebutted. The Directors of the Company have considered whether additional land appreciation tax ("Land Appreciation Tax") is required regarding potential asset transfers. After assessment, the Directors of the Company have concluded that the deferred tax liabilities recognised are adequate.

Perpetual capital securities and convertible perpetual capital securities

Pursuant to the terms of the Perpetual Capital Securities (as defined in note 34) and Convertible Perpetual Capital Securities (as defined in note 33), a subsidiary of the Company, as an issuer of the Perpetual Capital Securities and Convertible Perpetual Capital Securities, can at its option redeem the Perpetual Capital Securities and Convertible Perpetual Capital Securities and at its discretion defer distributions on the Perpetual Capital Securities and Convertible Perpetual Capital Securities. However, in those cases, the Company and the issuer will not be able to declare or pay any dividends to their ordinary shareholders if any distributions on the Perpetual Capital Securities and Convertible Perpetual Capital Securities are unpaid or deferred. In the opinion of the Directors of the Company, this restriction does not result in the Group having the obligation to redeem the Perpetual Capital Securities and Convertible Perpetual Capital Securities or to pay distributions on the Perpetual Capital Securities and Convertible Perpetual Capital Securities. Accordingly, the Perpetual Capital Securities and Convertible Perpetual Capital Securities are classified as equity instruments. As at 31 December 2015, the carrying amounts of the Perpetual Capital Securities and Convertible Perpetual Capital Securities are RMB3,050 million (2014: RMB3,051 million) and RMB1,346 million (2014: nil), respectively.

Significant influence over Richcoast Group Limited ("Richcoast") and its subsidiaries (the "Richcoast Group")

Richcoast Group are considered as associates of the Group although the Group owns 61.54% equity interest in Richcoast. The Group only has significant influence over Richcoast Group by virtue of its contractual right to appoint four out of ten directors to the Board of Directors of Richcoast. Details are set out in note 18.

Key sources of estimation uncertainty

The following and those disclosed in note 43(b) are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of inventories

Properties under development for sale and properties held for sale are stated at lower of the cost and net realisable value. The net realisable value is the estimated selling price of the completed units (based on the current prevailing market conditions) less estimated selling expenses and estimated cost of completion (if any), which are determined based on best available information and valuation performed by independent professional valuers. The Group has recognised an impairment loss amounting to RMB292 million during the current year (2014: RMB131 million). Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, a further loss will be recognised on the properties under development for sale and properties held for sale in the consolidated statement of profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Fair value measurements and valuation processes

The Group's certain assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of the reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of an asset or a liability, the causes of the fluctuations will be reported to the Directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities are disclosed in notes 13, 32, 35, 36 and 47(c).

Land Appreciation Tax

The Group is subject to Land Appreciation Tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and the Group has not finalised its Land Appreciation Tax calculation and payments with local tax authorities for all land lots in the PRC. Accordingly, significant judgement is required in determining the amount of the Land Appreciation Tax and its related income tax provisions. The Group recognised the Land Appreciation Tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax provisions in the periods in which such tax is finalised with local tax authorities.

Liabilities arising on rental guarantee arrangements

As disclosed in note 36, the Group disposed of certain properties in prior years. As part of these disposals, the Group agreed to provide the purchasers of these properties with rental guarantees, which are based on the excess of 8% of the consideration received by the Group over the net operating income to be generated by the properties. In measuring the fair value of the liabilities arising on these rental guarantee arrangements, the Group has prepared budgets regarding how much rental income can be generated from these properties. As of 31 December 2015, the Group has recognised liabilities arising on rental guarantee arrangements amounting to RMB690 million (2014: RMB531 million), which, in the opinion of the Directors of the Company, is the best estimate of the outstanding amount taking into account the forecasted unit rental and occupancy rate. Where there are significant changes to the estimates, the Group's liabilities would increase or decrease with the corresponding adjustment being made to the profit or loss.

Fair value of a call option to buy back an investment property disposed of in previous years

In previous years, the Group disposed of an investment property through disposal of the equity interest in a subsidiary. Based on the relevant sale and purchase agreement entered into in previous years, the Group was granted a call option which enables the Group to buy back the equity interest in that subsidiary within two months prior to five years or seven years after the date of disposal (i.e. 18 December 2013) at a consideration equals to the sum of (i) the consideration received by the Group for the disposal and (ii) return of 9% per annum. In previous years, it was concluded that the fair value of the call option was insignificant taking into account the fair values of similar properties and the cash consideration required to buy back the equity interest in the subsidiary and hence no derivative financial asset was recognised in the Group's consolidated financial statements in previous years. As at 31 December 2015, the fair value of the call option was estimated to be approximately RMB450 million, due mainly to significant increase in the estimated fair value of the underlying property during the current year, taking into account the actual transaction prices for similar property transfers in recent months. The Group has engaged an independent valuer to estimate the fair value of the option as at 31 December 2015. Details of the methodology and assumptions are disclosed in note 35 to the consolidated financial statements. The fair value of the option was included in the "derivative financial instruments" line item of the Group's consolidated statement of financial position as at 31 December 2015. In the opinion of the Directors of the Company, the methodology and assumptions used in estimating the fair value of the option as at 31 December 2015 were appropriate and reasonable. Where the call option is not exercised in subsequent years or when the fair value of the underlying property decreases, the Group will recognise a loss in the profit and loss in subsequent years.

5. TURNOVER AND SEGMENTAL INFORMATION

An analysis of the turnover of the Group and share of turnover of associates for the year is as follows:

	2015			2014		
	The Group RMB'million	Share of associates RMB'million	Total RMB'million	The Group RMB'million	Share of associates RMB'million	Total RMB'million
Property development:						
Property sales	4,380	146	4,526	8,543	412	8,955
Property investment:						
Rental income received from investment properties	1,428	21	1,449	1,163	34	1,197
Income from hotel operations	73	–	73	300	–	300
Property management fee income	50	–	50	27	–	27
Rental related income	61	–	61	88	–	88
	1,612	21	1,633	1,578	34	1,612
Construction	424	–	424	84	–	84
Others	56	–	56	44	–	44
Total	6,472	167	6,639	10,249	446	10,695

The Group is organised based on its business activities and has the following three major reportable segments:

Property development – development and sale of properties

Property investment – office and commercial/mall leasing, property management and hotel operations

Construction – construction, interior fitting-out, renovation and maintenance of building premises and provision of related consultancy services

Property development segment and property investment segment combine various operating segments in respect of the Group's operations in Shanghai, Chongqing, Wuhan and Foshan, the PRC, on the basis that the products and services delivered to the customers are similar.

Included in the Group's property sales of RMB4,380 million (2014: RMB8,543 million) is revenue arising from sales of residential properties of RMB2,497 million (2014: RMB8,009 million), commercial properties of RMB1,621 million (2014: RMB207 million) and others of RMB262 million (2014: RMB327 million).

5. TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

For the year ended 31 December 2015

	Reportable segment					
	Property development RMB'million	Property investment RMB'million	Construction RMB'million	Total RMB'million	Others RMB'million	Consolidated RMB'million
Segment Revenue						
External turnover of the Group	4,380	1,612	424	6,416	56	6,472
Share of turnover of associates	146	21	–	167	–	167
Total segment revenue	4,526	1,633	424	6,583	56	6,639
Segment Results						
Segment results of the Group	207	7,367	(40)	7,534	149	7,683
Interest income						302
Share of losses of associates and joint ventures						(314)
Finance costs, inclusive of exchange differences						(2,619)
Other gains and losses						(573)
Net unallocated expenses						(391)
Profit before taxation						4,088
Taxation						(2,321)
Profit for the year						1,767
Other Information						
Amounts included in the measure of segment profit or loss or segment assets:						
Capital additions of completed investment properties and property, plant and equipment	132	419	–	551	–	551
Development costs for investment properties under construction or development	–	4,280	–	4,280	–	4,280
Depreciation of property, plant and equipment	67	54	–	121	5	126
Gain on investment properties disposed of	–	3,174	–	3,174	–	3,174
Increase in fair value of the remaining investment properties	–	2,970	–	2,970	–	2,970
Financial Position						
Assets						
Segment assets	32,728	64,471	307	97,506	2	97,508
Interests in associates						562
Interests in joint ventures						27
Loans to associates						1,962
Loans to joint ventures						2,912
Amounts due from associates						1,878
Amounts due from related companies						724
Amounts due from joint ventures						21
Unallocated corporate assets						11,576
Consolidated total assets						117,170
Liabilities						
Segment liabilities	9,801	4,866	487	15,154	2	15,156
Unallocated corporate liabilities						55,896
Consolidated total liabilities						71,052

5. TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

For the year ended 31 December 2014

	Reportable segment					
	Property development RMB'million	Property investment RMB'million	Construction RMB'million	Total RMB'million	Others RMB'million	Consolidated RMB'million
Segment Revenue						
External turnover of the Group	8,543	1,578	84	10,205	44	10,249
Share of turnover of associates	412	34	–	446	–	446
Total segment revenue	8,955	1,612	84	10,651	44	10,695
Segment Results						
Segment results of the Group	2,033	3,632	(1)	5,664	33	5,697
Interest income						308
Share of losses of associates						(173)
Finance costs, inclusive of exchange differences						(921)
Other gains and losses						(26)
Net unallocated expenses						(467)
Profit before taxation						4,418
Taxation						(1,933)
Profit for the year						2,485
Other Information						
Amounts included in the measure of segment profit or loss or segment assets:						
Capital additions of completed investment properties and property, plant and equipment	28	173	–	201	–	201
Development costs for investment properties under construction or development	–	6,035	–	6,035	–	6,035
Depreciation of property, plant and equipment	59	96	–	155	6	161
Increase in fair value of the remaining investment properties	–	2,978	–	2,978	–	2,978
Financial Position						
Assets						
Segment assets	28,158	60,499	–	88,657	229	88,886
Interests in associates						913
Interests in joint ventures						70
Loans to associates						1,804
Loans to joint ventures						1,735
Amounts due from associates						1,242
Amounts due from related companies						659
Amounts due from non-controlling shareholders of subsidiaries						34
Unallocated corporate assets						12,980
Consolidated total assets						108,323
Liabilities						
Segment liabilities	5,646	1,312	–	6,958	420	7,378
Unallocated corporate liabilities						56,023
Consolidated total liabilities						63,401

5. TURNOVER AND SEGMENTAL INFORMATION (CONTINUED)

Segment revenue represents the turnover of the Group and the share of turnover of associates.

Segment results represent the profit earned by each segment without allocation of central administration costs, Directors' salaries, interest income, share of losses of associates and joint ventures, other gains and losses except for the fair value gain on an option to buy back an investment property and finance costs inclusive of exchange differences. This is the measure reported to the chief operating decision makers who are the Executive Directors of the Company for the purpose of resource allocation and performance assessment.

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, interests in joint ventures, loans to associates, loans to joint ventures, amounts due from associates, amounts due from joint ventures, amounts due from related companies, amounts due from non-controlling shareholders of subsidiaries, deferred tax assets, pledged bank deposits, restricted bank deposits, bank balances and cash and other unallocated corporate assets; and

- all liabilities are allocated to reportable segments other than amounts due to related companies, amounts due to non-controlling shareholders of subsidiaries, loans from non-controlling shareholder of a subsidiary, tax liabilities, deferred tax liabilities, derivative financial instruments designated as hedging instruments, defined benefit liabilities, bank and other borrowings, convertible bonds, senior notes and other unallocated corporate liabilities.

Over 90% of the Group's turnover and contribution to operating profit is attributable to customers in the PRC. Accordingly, no analysis of geographical segment is presented.

No geographical segment information of the Group's non-current assets is shown as the assets are substantially located in the PRC.

During the year ended 31 December 2015, a customer contributed RMB884 million to the turnover of the Group in respect of the property development segment. No major customer contributed over 10% of the turnover of the Group during the year ended 31 December 2014.

6. OTHER INCOME, OTHER GAINS AND LOSSES

	2015 RMB'million	2014 RMB'million
Other income		
Interest income from banks	62	120
Interest income from amounts due from associates (notes 18 and 44)	76	29
Interest income from loans to associates (notes 18 and 44)	82	54
Imputed interest income from loans to associates (notes 18 and 44)	41	42
Interest income from loans to joint ventures (notes 19 and 44)	41	63
Sundry income	11	8
Grants received from local government (note)	109	3
Others	15	29
	437	348
Other gains and (losses)		
Loss arising from rental guarantee arrangements (note 36)	(439)	(160)
Fair value gain on an option to buy back an investment property (note 35)	450	–
Fair value loss on other derivative financial instruments (notes 32 and 35)	(126)	(17)
Bargain purchase gain on acquisition of subsidiaries (note 39(f))	–	15
Gain on disposal of subsidiaries	–	136
Others	(8)	–
	(123)	(26)

Note:
The government grants mainly represent refund of business taxes and deed taxes from the local government during the year.

7. OPERATING PROFIT

	2015 RMB'million	2014 RMB'million
Operating profit has been arrived at after charging (crediting):		
Auditor's remuneration		
– audit services	6	6
Depreciation of property, plant and equipment	126	161
Release of prepaid lease payments	3	3
Less: Amount capitalised to property, plant and equipment	(3)	(3)
	–	–
Loss on disposal of property, plant and equipment	3	3
Employee benefits expenses		
Directors' emoluments		
Fees	2	2
Salaries, bonuses and allowances	23	26
Retirement benefits costs	–	1
Share option expenses	–	1
	25	30
Other staff costs		
Salaries, bonuses and allowances	572	510
Retirement benefits costs	64	57
Share option expenses	4	5
Share award expenses	8	–
	648	572
Total employee benefits expenses	673	602
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	(163)	(170)
	510	432
Cost of properties sold recognised as an expense	3,628	5,918
Minimum lease payment under operating leases	30	30
Impairment loss on properties held for sale and properties under development for sale (included in cost of sales)	292	131

8. FINANCE COSTS, INCLUSIVE OF EXCHANGE DIFFERENCES

	2015 RMB'million	2014 RMB'million
Interest on bank and other borrowings	2,085	1,825
Interest on loans from non-controlling shareholders of subsidiaries (note 26)	–	95
Imputed interest on loans from non-controlling shareholders of subsidiaries (note 26)	5	39
Interest on convertible bonds (note 30)	34	43
Interest on senior notes (note 31)	1,405	1,435
Net interest expense from cross currency swaps designated as cash flow hedges	42	23
Net interest expense from interest rate swaps designated as cash flow hedges	8	14
Total interest costs	3,579	3,474
Exchange loss on bank borrowings	32	–
Less: Amount capitalised to investment properties under construction or development, properties under development for sale and hotels under development	(2,185)	(2,676)
Interest expense charged to profit or loss	1,426	798
Premium for repurchase/exchange of RMB denominated senior notes due in 2015 (note 31)	–	58
Net exchange loss on bank borrowings and other financing activities	1,156	34
Others	37	31
	2,619	921

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of approximately 8.1% (2014: 8.7%) per annum to expenditure on the qualifying assets.

9. TAXATION

	2015 RMB'million	2014 RMB'million
PRC Enterprise Income Tax		
– Current provision	956	831
PRC Withholding Tax		
– Current provision	23	148
PRC Land Appreciation Tax		
– Provision for the year	271	826
Deferred taxation (note 37)		
– Provision for the year	1,071	128
	2,321	1,933

No provision for Hong Kong Profits Tax has been made as the income of the Group neither arises in, nor is derived from, Hong Kong.

PRC Enterprise Income Tax ("EIT") has been provided for at the applicable income tax rate of 25% (2014: 25%) on the assessable profits of the companies in the Group during both years.

9. TAXATION (CONTINUED)

The PRC EIT Law requires withholding tax to be levied on distribution of profits earned by PRC entities for profits generated after 1 January 2008 at rate of 5% for Hong Kong resident companies, and at rate of 10% for companies incorporated in BVI and Republic of Mauritius ("Mauritius"), which are the beneficial owners of the dividend received. As at 31 December 2015 and 31 December 2014, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

The provision of Land Appreciation Tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. Land Appreciation Tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditures.

The current income tax provided for the current year also included applicable income taxes on transfers of equity interest in subsidiaries of the Group.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2015 RMB'million	2014 RMB'million
Profit before taxation	4,088	4,418
PRC Enterprise Income Tax at 25%	1,022	1,104
PRC Land Appreciation Tax	271	826
Tax effect of PRC Land Appreciation Tax	(68)	(207)
Additional income tax arising on disposals of subsidiaries (note)	332	–
Deferred tax provided for withholding tax on income derived in the PRC	13	140
Deferred tax provided for PRC Land Appreciation Tax in respect of investment properties	(2)	(112)
Tax effect of share of losses of associates and joint ventures	79	43
Tax effect of expenses not deductible for tax purposes	806	322
Tax effect of income not taxable for tax purposes	(183)	(194)
Tax effect of tax losses not recognised	51	14
Tax effect of utilisation of tax losses previously not recognised	–	(3)
Tax charge for the year	2,321	1,933

Note:
EIT on disposals of subsidiaries is calculated at 10% of the difference between consideration and the registered capital of the relevant subsidiary incorporated in the PRC.

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration paid or payable for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

Name of Director	Notes	Fees RMB'000	Salaries RMB'000	Allowances RMB'000	Performance related incentive payments – cash bonus RMB'000	Retirement benefit costs RMB'000	Share-based payment expenses RMB'000	2015 Total RMB'000	2014 Total RMB'000
Mr. Vincent H.S. LO	(a)	–	–	–	–	–	–	–	–
Mr. Frankie Y.L. WONG	(b)	181	2,543	194	–	–	–	2,918	357
Mr. Daniel Y.K. WAN	(c)	–	4,146	4,191	2,464	–	–	10,801	12,498
Mr. Philip K.T. WONG	(d)	–	2,213	3,706	3,052	112	–	9,083	14,007
Mr. Freddy C.K. LEE	(e)	–	–	–	–	–	–	–	1,185
Sir John R.H. BOND	(f)	322	–	–	–	–	–	322	317
Dr. William K.L. FUNG	(f)	362	–	–	–	–	–	362	357
Professor Gary C. BIDDLE	(f)	483	–	–	–	–	–	483	475
Dr. Roger L. McCARTHY	(f)	322	–	–	–	–	–	322	317
Mr. David J. SHAW	(f)	282	–	–	–	–	–	282	238
Total for 2015		1,952	8,902	8,091	5,516	112	–	24,573	29,751
Total for 2014		2,061	8,741	10,431	6,889	1,186	443	29,751	

Notes:
(a) An executive director and the chairman of the Company
(b) Appointed as an executive director of the Company effective from 26 June 2015. Mr. Frankie Y.L. WONG was a non-executive director of the Company before the appointment
(c) An executive director of the Company resigned effective from 31 July 2015
(d) An executive director of the Company appointed on 10 January 2014 and resigned effective from 26 June 2015
(e) An executive director of the Company resigned effective from 10 January 2014
(f) Independent non-executive directors of the Company

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Mr. Anthony John Liddell NIGHTINGALE was appointed as an independent non-executive director of the Company effective from 1 January 2016.

The five highest paid employees of the Group during the year included two directors (2014: two directors), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining three (2014: three) highest paid employees who are not a director of the Company are as follows:

	2015 RMB'million	2014 RMB'million
Salaries	7	7
Allowances	6	8
Performance related incentive payments	1	2
Retirement benefit costs	3	2
Share option expenses	–	1
Share award expenses	1	–
	18	20

10. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

The emoluments of the remaining highest paid employees were within the following bands:

	2015 Number of employees	2014 Number of employees
Emolument bands		
HK$7,000,001 – HK$7,500,000	2	–
HK$7,500,001 – HK$8,000,000	–	2
HK$8,000,001 – HK$8,500,000	1	–
HK$9,500,001 – HK$10,000,000	–	1
	3	3

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Certain executive directors of the Company are entitled to cash bonus payments which are determined based on the Group's and directors' personal performance.

During the year, certain directors of the Company and employees were granted share options and share awards, in respect of their services provided to the Group under the share option scheme and share award scheme of the Company. Details of the share option scheme and share award scheme are set out in note 40 to the Group's consolidated financial statements.

11. DIVIDENDS

	2015 RMB'million	2014 RMB'million
Dividends recognised as distribution during the year:		
Interim dividend paid in respect of 2015 of HK$0.022 per share (2014: Interim dividend paid in respect of 2014 of HK$0.022 per share)	146	140
Final dividend paid in respect of 2014 of HK$0.04 per share (2014: Final dividend paid in respect of 2013 of HK$0.04 per share)	253	255
	399	395

A final dividend for the year ended 31 December 2015 of HK$0.028 (equivalent to RMB0.023 translated using the exchange rate of 0.8378 as at 31 December 2015) per share, amounting to HK$225 million (equivalent to RMB189 million translated using the exchange rate of 0.8378 as at 31 December 2015) in aggregate, was proposed by the Directors of the Company on 16 March 2016 and is subject to the approval of the shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to shareholders of the Company is based on the following data:

Earnings

	2015 RMB'million	2014 RMB'million
Earnings for the purposes of basic earnings per share, being profit for the year attributable to shareholders of the Company	788	1,778
Effect of dilutive potential ordinary shares:		
Adjustment for convertible perpetual securities (note (c))	(348)	–
Earnings for the purposes of diluted earnings per share	440	1,778

Number of shares

	2015 'million	2014 'million
Weighted average number of ordinary shares for the purpose of basic earnings per share (note (a))	8,002	8,002
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	132
Outstanding share awards	16	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	8,018	8,134
Basic earnings per share (note (b))	RMB0.10 HK$0.12	RMB0.22 HK$0.28
Diluted earnings per share (note (b))	RMB0.05 HK$0.06	RMB0.22 HK$0.28

Notes:

(a) The weighted average number of ordinary shares shown above has been arrived at after deducting 24,854,000 shares held by a share award scheme trust as set out in note 40.

(b) The Hong Kong dollar figures presented above are shown for reference only and have been arrived at based on the exchange rate of RMB1.000 to HK$1.242 for 2015 and RMB1.000 to HK$1.262 for 2014, being the average exchange rates that prevailed during the respective years.

(c) Convertible perpetual securities ("CPS") with an aggregate principal amount of US$499,900,000 were converted into ordinary shares of China Xintiandi Holding Company Limited ("China Xintiandi"), a subsidiary of the Company, in September 2015 (note 32). The adjustment to earnings that were attributable to the CPS relates to the instruments which were in issue during the year. During the prior year, there were no dilution effects for such CPS as the full conversion of CPS into ordinary shares of the subsidiary will not result in a decrease in profit per ordinary share of the Company.

(d) There were no dilution effects from outstanding share options and warrants as the exercise prices of each of these share options and warrants were higher than the average market price of the Company's shares per share for the year ended 31 December 2015 and 2014.

(e) During the current year, there was no dilution effect for the convertible perpetual capital securities ("CPCS") (note 33) as the full conversion of CPCS into ordinary shares of the Company will not result in a decrease in profit per ordinary share of the Company.

13. INVESTMENT PROPERTIES

	Completed investment properties RMB'million	Investment properties under construction or development at fair value RMB'million	Investment properties under construction or development at cost RMB'million	Total RMB'million
At 1 January 2014	29,191	10,574	10,508	50,273
Additions	30	3,452	2,583	6,065
Disposal of subsidiaries (note 39(h))	(204)	–	–	(204)
Disposals	(1,899)	–	–	(1,899)
Transfers	–	163	(163)	–
Transfer upon completion	6,018	(6,018)	–	–
Transfer from property, plant and equipment and prepaid lease payments	–	236	–	236
Transfer due to refurbishment	(204)	204	–	–
Transfer from/to properties under development for sale (note 17)	–	1,527*	(28)	1,499
Transfer to assets held for sale	(12)	–	–	(12)
Increase in fair value recognised in profit or loss	884	1,320	–	2,204
At 31 December 2014	33,804	11,458	12,900	58,162
At 31 December 2014				
– Stated at fair value	33,804	11,458	–	45,262
– Stated at cost	–	–	12,900	12,900
At 1 January 2015	33,804	11,458	12,900	58,162
Additions	3	2,301	1,979	4,283
Acquisition of a subsidiary (note 39(c))	168	–	–	168
Disposal of subsidiaries (note 39(a))	(6,449)	–	–	(6,449)
Disposals	(106)	–	–	(106)
Transfer upon completion	10,536	(8,060)	(2,476)	–
Transfer to property, plant and equipment (note 15)	–	(603)	–	(603)
Transfer from properties held for sale	1,599**	–	–	1,599
Transfer to assets classified as held for sale (note 14)	(5,700)	–	–	(5,700)
Increase in fair value of investment properties disposed of (note 39(a))	1,644	–	–	1,644
Increase in fair value of the remaining properties recognised in profit or loss	2,062	540	–	2,602
At 31 December 2015	37,561	5,636	12,403	55,600
At 31 December 2015				
– Stated at fair value	37,561	5,636	–	43,197
– Stated at cost	–	–	12,403	12,403

* During the year ended 31 December 2014, certain properties under development for sale with a carrying amount of RMB753 million were transferred to investment properties under construction or development upon the change in use of the properties evidenced by entering into leasing arrangement for the properties to be used as completed investment properties to generate rental income. At the date of transfer, the difference amounting to RMB774 million between the fair value of the properties amounting to RMB1,527 million and their carrying amount was recognised in profit or loss for the year ended 31 December 2014.

** During the year ended 31 December 2015, certain properties held for sale with a carrying amount of RMB1,231 million (2014: nil) have been transferred to completed investment properties upon the change in their uses, evidenced by commencement of operating lease. At the date of transfer, the difference amounting to RMB368 million between the fair value of properties amounting to RMB1,599 million and the carrying amount of the properties was recognised in profit or loss for the year ended 31 December 2015.

13. INVESTMENT PROPERTIES (CONTINUED)

All the completed investment properties are rented out under operating leases or are held for capital appreciation purposes.

The Group is in the process of obtaining land use rights certificates in respect of investment properties under construction or development with the aggregate carrying amount of RMB4,321 million (2014: RMB5,389 million). The Directors of the Company believe that the relevant land use rights certificates will be granted in due course and the absence of land use rights certificates does not impair the value of the relevant properties.

The fair values of the Group's investment properties at 31 December 2015 and 31 December 2014, and the fair values of properties at the dates of transfer to/from investment properties have been arrived at on the basis of valuations carried out on those dates by Knight Frank Petty Limited, independent qualified professional valuers not connected to the Group.

For completed investment properties, the valuations have been arrived at using direct comparison method and capitalisation of net income method, where appropriate. In the valuation using capitalisation of net income method, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties.

For investment properties under construction or development that are measured at fair value, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

In estimating the fair value of the properties, the management has taken into consideration the highest and best use of the properties.

13. INVESTMENT PROPERTIES (CONTINUED)

The major inputs used in the fair value measurement of the Group's major investment properties as at 31 December 2015 and 31 December 2014 are set out below:

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity
Completed investment properties					
Completed investment properties located in Shanghai with an aggregate carrying amount of RMB29,994 million (2014: RMB28,335 million)	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of a range from 3.5% to 7.5% (2014: from 3.75% to 7.5%).	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of a range from RMB1.8 to RMB16.8 (2014: from RMB2.6 to RMB15.2) per square metre ("sqm") per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment properties located in Wuhan with an aggregate carrying amount of RMB1,645 million (2014: RMB1,505 million)	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6% (2014: 6.25%).	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of RMB5.6 (2014: RMB5.3) per sqm per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment properties located in Foshan with an aggregate carrying amount of RMB4,102 million (2014: RMB2,017 million)	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of a range from 4.5% to 4.75% (2014: from 4.5% to 4.75%).	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of a range from RMB2.7 to RMB4.5 (2014: from RMB2.7 to RMB4.5) per sqm per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.
Completed investment properties located in Chongqing with an aggregate carrying amount of RMB1,820 million (2014: RMB1,947 million)	Level 3	Income Capitalisation Approach The key inputs are: (1) Capitalisation rate; and (2) Daily market rent.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of a range from 4.25% to 5.00% (2014: from 4.25% to 5.5%).	The higher the capitalisation rate, the lower the fair value.	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
			Daily market rent, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, at an average of a range from RMB1.2 to RMB2.4 (2014: RMB1.6 to RMB5.0) per sqm per day on gross floor area basis.	The higher the daily market rent, the higher the fair value.	A significant increase in the daily market rent used would result in a significant increase in fair value, and vice versa.

13. INVESTMENT PROPERTIES (CONTINUED)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity
Investment properties under construction or development that are measured at fair value					
Investment properties under construction or development located in Shanghai with an aggregate carrying amount of nil (2014: RMB5,504 million)	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparable and the property, of RMB5,517 million as at 31 December 2014.	The higher the gross development value, the higher the fair value.	A significant increase in gross development value used would result in a significant increase in fair value, and vice versa.
			Level adjustment on individual floor of retail portion of the property ranging from 50% to 70% on specific levels as at 31 December 2014.	The higher the level adjustment, the lower the fair value.	A significant increase in level adjustment used would result in a significant decrease in fair value, and vice versa.
			Developer's profit, taking into account the comparable land transactions and progress of the property, of a range from 1% to 7% as at 31 December 2014.	The higher the developer's profit, the lower the fair value.	A significant increase in developer's profit used would result in a significant decrease in fair value, and vice versa.
Investment properties under construction or development located in Wuhan with an aggregate carrying amount of RMB3,653 million (2014: RMB2,676 million)	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB5,544 million (2014: RMB5,665 million).	The higher the gross development value, the higher the fair value.	A significant increase in gross development value used would result in a significant increase in fair value, and vice versa.
			Level adjustment on individual floor of retail portion of the property ranging from 55% to 95% (2014: 50% to 90%) on specific levels.	The higher the level adjustment, the lower the fair value.	A significant increase in level adjustment used would result in a significant decrease in fair value, and vice versa.
			Developer's profit, taking into account the comparable land transactions and progress of the property, of a range from 2% to 12% (2014: 6%).	The higher the developer's profit, the lower the fair value.	A significant increase in developer's profit used would result in a significant decrease in fair value, and vice versa.

13. INVESTMENT PROPERTIES (CONTINUED)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity
Investment properties under construction or development that are measured at fair value – continued					
Investment properties under construction or development located in Foshan with an aggregate carrying amount of RMB34 million (2014: RMB1,527 million)	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB43 million (2014: RMB2,419 million).	The higher the gross development value, the higher the fair value.	A significant increase in gross development value used would result in a significant increase in fair value, and vice versa.
			Level adjustment on individual floor of retail portion of the property of 70% (2014: 65% to 95%) on specific levels.	The higher the level adjustment, the lower the fair value.	A significant increase in level adjustment used would result in a significant decrease in fair value, and vice versa.
			Developer's profit, taking into account the comparable land transactions and progress of the property, of 1.0% (2014: 6.1%).	The higher the developer's profit, the lower the fair value.	A significant increase in developer's profit used would result in a significant decrease in fair value, and vice versa.
Investment properties under construction or development located in Chongqing with an aggregate carrying amount of RMB1,949 million (2014: RMB1,751 million)	Level 3	Market-based Approach The key inputs are: (1) Gross development value; (2) Level adjustment; and (3) Developer's profit.	Gross development value on completion basis, taking into account the time, location, and individual factors, such as frontage and size, between the comparables and the property, of RMB9,054 million (2014: RMB9,054 million).	The higher the gross development value, the higher the fair value.	A significant increase in gross development value used would result in a significant increase in fair value, and vice versa.
			Level adjustment on individual floor of retail portion of the property ranging from 75% to 95% (2014: from 75% to 95%) on specific levels.	The higher the level adjustment, the lower the fair value.	A significant increase in level adjustment used would result in a significant decrease in fair value, and vice versa.
			Developer's profit, taking into account the comparable land transactions and progress of the property, of 13% (2014: 13%).	The higher the developer's profit, the lower the fair value.	A significant increase in developer's profit used would result in a significant decrease in fair value, and vice versa.

There were no transfers in or out of Level 3 during both years.

14. ASSETS CLASSIFIED AS HELD FOR SALE AND RELATED LIABILITIES

In December 2015, the Group entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, namely Infoshore International Limited ("Infoshore") and the related shareholders' loans for an aggregate cash consideration of US$679 million, equivalent to RMB4,407 million (translated at the spot rate as at 31 December 2015), subject to adjustments. Infoshore indirectly held an investment property located in Shanghai, the PRC. The Directors of the Company concluded that the assets and liabilities of Infoshore and its subsidiaries should be classified as held-for-sale as at 31 December 2015 in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* on the basis that the disposal was expected to be completed in early 2016; the disposal was completed on 2 February 2016 with the equity interest in Infoshore being transferred to the buyer and the property being made available to the buyer since that date.

The assets and liabilities of Infoshore and its subsidiaries as at 31 December 2015, which have been presented separately in the Group's consolidated statement of financial position, are as follows:

	RMB'million
Investment properties	5,700
Pledged bank deposits	93
Accounts receivable, deposits and prepayments	48
Bank balances and cash	16
Total assets classified as held for sale	5,857
Accounts payable, deposits received and accrued charges	290
Secured bank borrowings – due within one year	1,044
Deferred tax liabilities	479
Total liabilities associated with assets classified as held for sale	1,813
Total assets less total liabilities	4,044

Deposits with an aggregate amount of US$272 million (equivalent to RMB1,762 million translated at the spot rate at settlement) were received in December 2015 and were presented separately in the Group's consolidated statement of financial position as "restricted bank deposits" (see note 21). Consideration of US$337 million (equivalent to RMB2,203 million translated at the spot rate at settlement) was received in February 2016. Consideration of US$33 million (equivalent to RMB218 million translated at the spot rate at settlement) was received in March 2016 upon the housing ownership certificate was obtained by a subsidiary of Infoshore. The remaining consideration of US$34 million was deposited in an escrow bank account and will be released to the Group when the 1% equity interest held by a non-controlling shareholder in a subsidiary of Infoshore is transferred to the buyer. The Directors of the Company believe that the likelihood of not fulfilling the condition is remote. Up to the date of the authorisation of the consolidated financial statements, the aggregate consideration received by the Group (net of dividend paid to non-controlling shareholder of the subsidiary) amounted to US$516 million (equivalent to RMB3,378 million translated at the spot rate at settlement).

The fair value of the above investment property as at 31 December 2015 takes into account the valuation as at 31 October 2015 as set out in the valuation report prepared by an independent professional valuer not connected with the Group.

During the year ended 31 December 2014, the Group entered into a sale and purchase agreement with a subsidiary of Great Eagle Holdings Limited ("Great Eagle", a company listed in the Stock Exchange of which the substantial shareholder, the chairman and the managing director is the sibling of the Chairman and the ultimate controlling shareholder of the Company) for the disposal of a hotel and certain carparks located in Shanghai, the PRC, for an aggregate cash consideration of RMB965 million, of which RMB714 million (net of the relevant taxes other than income taxes of RMB58 million) was received during the current year and the remaining consideration of RMB193 million is expected to be settled when the Group obtains the housing ownership certificate of the hotel, which is expected to occur within 12 months for the end of the current reporting period, is included in accounts receivable, deposits and prepayments. The disposal has been completed during the current year and the gain on disposal was insignificant.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'million	Hotel properties RMB'million	Hotels under development RMB'million	Furniture, fixtures, equipment and motor vehicles RMB'million	Total RMB'million
At Cost					
At 1 January 2014	775	2,540	458	434	4,207
Acquisition of a subsidiary (note 39(f))	–	–	–	3	3
Disposal of subsidiaries (note 39(h) and (i))	(44)	(1,841)	–	(34)	(1,919)
Transfer to investment properties under construction or development	–	(91)	–	–	(91)
Transfer to assets held for sale	–	–	(440)	–	(440)
Additions	–	–	143	28	171
Disposals	–	–	–	(17)	(17)
At 31 December 2014	731	608	161	414	1,914
Transfer from completed investment properties (note 13)	603	–	–	–	603
Additions	–	–	248	132	380
Disposals	–	–	–	(24)	(24)
At 31 December 2015	1,334	608	409	522	2,873
Accumulated Depreciation					
At 1 January 2014	98	200	–	332	630
Disposal of subsidiaries (note 39(h) and (i))	(23)	(208)	–	(26)	(257)
Charge for the year	5	91	–	65	161
Transfer to investment properties under construction or development	–	(24)	–	–	(24)
Eliminated on disposals	–	–	–	(14)	(14)
At 31 December 2014	80	59	–	357	496
Charge for the year	12	42	–	72	126
Eliminated on disposals	–	–	–	(17)	(17)
At 31 December 2015	92	101	–	412	605
Carrying Values					
At 31 December 2015	1,242	507	409	110	2,268
At 31 December 2014	651	549	161	57	1,418

The carrying amounts of owner-occupied leasehold land and buildings of RMB1,213 million (2014: RMB619 million) and hotel properties of RMB507 million (2014: RMB549 million) at the end of the reporting period included both the leasehold land and building elements in property, plant and equipment, as in the opinion of the Directors of the Company, allocations of the carrying amounts between the leasehold land and buildings elements cannot be made reliably. The land portions of the remaining owner-occupied properties were included in prepaid lease payments.

The above items of property, plant and equipment, except for hotels under development, are depreciated on a straight-line basis at the following rates per annum:

Land and buildings	Over the shorter of the term of the lease, or 50 years
Hotel properties	Over the shorter of the term of the lease, or 50 years
Furniture, fixtures, equipment and motor vehicles	20% to 33 $^1/_3$%

16. PREPAID LEASE PAYMENTS

	2015 RMB'million	2014 RMB'million
At beginning of the year	131	586
Transfer to properties under development for sale (note 17)	–	(10)
Transfer to investment properties	–	(125)
Transfer to assets held for sale (note 14)	–	(317)
Release for the year (note 7)	(3)	(3)
At end of the year	128	131

The cost of prepaid lease payments represents the amount paid to the government of the PRC in respect of the land use rights held under medium term leases.

17. PROPERTIES UNDER DEVELOPMENT FOR SALE

	2015 RMB'million	2014 RMB'million
At beginning of the year	14,684	22,711
Additions	8,304	7,062
Disposal of a subsidiary (note 39(b))	–	(5,257)
Impairment loss recognised (included in "cost of sales")	(187)	(120)
Transfer from prepaid lease payments (note 16)	–	10
Transfer to investment properties under construction or development (note 13)	–	(725)
Transfer to properties held for sale	(2,699)	(8,997)
At end of the year	20,102	14,684

Included in the properties under development for sale as at 31 December 2015 is carrying value of RMB14,387 million (2014: RMB12,698 million) which represents the carrying value of the properties expected to be realised after twelve months from the end of the reporting period.

The Group is in the process of obtaining land use rights certificates in respect of properties under development for sale with the aggregate carrying amount of RMB8,550 million (2014: RMB4,913 million). The Directors of the Company believe that the relevant land use rights certificates will be granted in due course and the absence of land use rights certificates does not impair the value of the relevant properties.

18. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	Notes	2015 RMB'million	2014 RMB'million
Cost of investments, unlisted		482	482
Share of post-acquisition profits		80	431
		562	913
Loans to associates			
– Interest free	(a)	881	785
– Interest bearing ranging from 4.79% to 5.23% (2014: 5% to 6.77%) per annum	(b)	1,081	1,019
		1,962	1,804
Amounts due from associates – non-current	(c)	1,878	1,242

Notes:

(a) These loans to associates represent the loans to subsidiaries of Richcoast, an associate of the Group, for financing the development and operation of Dalian Tiandi project in Dalian, the PRC. The Dalian Tiandi project is an integrated mixed-use development in Dalian and it comprises office, retail, residential and hotel/service apartments. The principal activities of Richcoast are strategic to the Group's activities as the Group has determined to conduct its property development activities in Dalian through its strategic investment in Richcoast. Pursuant to the joint venture agreement ("Joint Venture Agreement") dated 25 May 2007 entered into among the three shareholders of Richcoast, being Innovate Zone Group Limited ("Innovate Zone"), an indirect subsidiary of the Company, Main Zone Group Limited ("Main Zone"), a direct wholly-owned subsidiary of SOCAM Development Limited ("SOCAM", an associate of SOCL) and Many Gain International Limited ("Many Gain"), an independent third party, the loans are unsecured, interest-free and have no fixed terms of repayment until Many Gain has contributed its share of the shareholder's loan to the subsidiaries of Richcoast. Thereafter, the loans will bear interest at a rate of 5% per annum, subject to shareholders' approval. The loans are carried at amortised cost using the effective interest rate of 7.29% (2014: 7.29%) per annum.

(b) These loans to associates, represent the loans to subsidiaries of Richcoast, are unsecured, carry interest at rates ranging from 4.79% to 5.23% (2014: 5% to 6.77%) per annum and have no fixed terms of repayment.

(c) The amounts due from subsidiaries of Richcoast are unsecured, interest free and repayable on demand, except for an aggregate amount of RMB1,394 million (2014: RMB910 million) which carries interest at rate of 4.79% to 12% (2014: 6.16% to 12%) per annum. As at 31 December 2015, the entire amount due from associates is classified as a non-current asset as the Directors of the Company expect that such amount will not be repayable within twelve months from the end of the reporting period.

Particulars of the Group's principal associates at 31 December 2015 and 31 December 2014 are as follows:

Name of associate	Form of legal entity	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Group	Place of incorporation/ registration and operations	Principal activities
Richcoast (notes 1 and 2)	Limited liability company	61.54%	BVI	Investment holding
Dalian Qiantong Science & Technology Development Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Ruisheng Software Development Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Delan Software Development Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Jiadao Science & Technology Development Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Software Park Shuion Fazhan Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development
Dalian Software Park Shuion Kaifa Co., Ltd. (note 3)	Sino-Foreign Joint Venture	48%	PRC	Software park development

Notes:

1. Pursuant to the terms of the Joint Venture Agreement, the Board of Directors of Richcoast consists of four representatives designated by Innovate Zone, three representatives designated by Main Zone, and three representatives by Many Gain. The Board is responsible for managing the business and affairs of the Richcoast Group, establishing the strategic direction, policies of, and operating procedures of the Richcoast Group, and shall decide on matters by a simple majority vote. Accordingly, the Group has significant influence over Richcoast by virtue of its contractual right to appoint four out of ten Directors to the Board of Richcoast.
2. Pursuant to the Joint Venture Agreement, Richcoast is owned 61.54%, 28.20% and 10.26% by Innovate Zone, Main Zone and Many Gain, respectively, for the development and operation of Dalian Tiandi project.
3. These companies are non-wholly owned subsidiaries of Richcoast.

18. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES (CONTINUED)

The summarised consolidated financial information of Richcoast and its subsidiaries, which is prepared in accordance with IFRSs, is set out below:

	2015 RMB'million	2014 RMB'million
Current assets	4,917	5,029
Non-current assets	7,947	7,838
Current liabilities	6,446	5,728
Non-current liabilities	4,870	4,992
Net assets attributable to:		
Shareholders of Richcoast	1,000	1,484
Non-controlling interests	548	663
	1,548	2,147
Revenue	349	929
Loss and total comprehensive expense for the year	(599)	(367)
Attributable to:		
Shareholders of Richcoast	(484)	(281)
Non-controlling interests	(115)	(86)
	(599)	(367)

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interests in associates recognised in the consolidated financial statements:

	2015 RMB'million	2014 RMB'million
Total assets less liabilities of Richcoast	1,548	2,147
Less: Non-controlling interests in Richcoast	(548)	(663)
Equity attributable to shareholders of Richcoast	1,000	1,484
Proportion of the Group's ownership interest in Richcoast	61.54%	61.54%
	615	913
Elimination of unrealised interest expense capitalised as part of the cost of properties under development	(53)	–
Carrying amount of the Group's interest in Richcoast	562	913

19. INTERESTS IN JOINT VENTURES/LOANS TO JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES

	Notes	2015 RMB'million	2014 RMB'million
Cost of investment, unlisted		70	70
Share of post-acquisition results		(43)	–
		27	70
Loans to joint ventures	(a)		
– Interest-free (after elimination of interest income)		298	118
– Interest bearing at 110% of People's Bank of China ("PBOC") Prescribed Interest Rate per annum		1,854	900
– Interest bearing at 100% of PBOC Prescribed Interest Rate per annum		760	717
		2,912	1,735
Amounts due from joint ventures	(b)	21	–

During the current year, the Group exercised two options to acquire additional 20% equity interest in an existing joint venture, namely Portspin Limited ("Portspin") and the related shareholders' loans, for an aggregate consideration of US$162 million (equivalent to RMB992 million). After the acquisition, the Group's equity interest in the joint venture has been increased from 19.3419% to 39.8624%. Refer to note 39(b) for details.

Notes:
(a) The loans to joint ventures are unsecured and repayable on demand, except for the amount of RMB760 million (2014: RMB717 million) that is repayable in 2018. The Directors of the Company consider that all loans to joint ventures are not expected to be repaid within twelve months after the end of the reporting period and therefore the amounts are classified as non-current.
(b) Amounts due from joint venture is unsecured, interest-free and repayable on demand.

Particulars of the Group's joint ventures at 31 December 2015 and 31 December 2014 are as follows:

Name of joint venture	Form of legal entity	Proportion of nominal value of issued ordinary share capital/ registered capital held by the Group 2015	2014	Place of incorporation/ registration and operations	Principal activities
上海永麟投資管理有限公司* Shanghai Yong Lin Investment Management Limited ("Shanghai Yong Lin")*#	Sino-Foreign Joint Venture	19.8%*	19.8%*	PRC	Property management and other activities
Portspin Limited**	Limited liability company	39.8624% (note 39(b))	19.3419% (note 39(b))	BVI	Investment holding
Legend City Limited***	Limited liability company	39.8624%	19.3419%	Hong Kong	Investment holding
上海駿興房地產開發有限公司 ("Shanghai Junxing")***#	Sino-Foreign Joint Venture	39.0652%	18.9551%	PRC	Property development
大連億達德基裝飾工程有限公司	Sino-Foreign Joint Venture	50%	50%	PRC	Provision of decoration services

* Pursuant to the memorandum and articles of association of Shanghai Yong Lin, the Group, through a subsidiary which the Company owns 78.11% equity interest as at 31 December 2015 (2014: 100%), and the other equity owner (the "JV Partner", an independent third party which owns 80.2% equity interest in Shanghai Yong Lin) are considered to have joint control over Shanghai Yong Lin as certain major decisions that relate to the relevant activities of Shanghai Yong Lin require unanimous consent from the Group and the JV Partner. Shanghai Yong Lin is principally engaged in the property management and other activities in respect of relocation activities in Shanghai. Its principal activities are considered as strategic to the Group's activities as the relocation activities are carried out in the vicinity of one of the Group's property projects.
** Pursuant to the joint venture agreement entered into by the Group and the joint venture partner, major decisions that relate to the relevant activities of Portspin Group require unanimous consent from the Group and the other joint venture partner. Portspin Group is engaged in property development in the PRC.
*** Subsidiaries of Portspin Limited
# For identification only

19. INTERESTS IN JOINT VENTURES/LOANS TO JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES (CONTINUED)

The summarised financial information of Shanghai Yong Lin, which is prepared in accordance with IFRSs, is set out below:

	2015 RMB'million	2014 RMB'million
Current assets	135	72
Non-current assets	2,826	2,627
Current liabilities	20	21
Non-current liabilities	2,816	2,553
Net assets	125	125

Reconciliation of the above summarised financial information to the carrying amount of the interests in Shanghai Yong Lin recognised in the consolidated financial statements:

	2015 RMB'million	2014 RMB'million
Net assets of Shanghai Yong Lin	125	125
Proportion of the Group's ownership interest in Shanghai Yong Lin	19.8%	19.8%
Carrying amount of the Group's interest in Shanghai Yong Lin	25	25

The summarised consolidated financial information of Portspin Group, which is prepared in accordance with IFRSs, is set out below:

	2015 RMB'million	2014 RMB'million
Current assets	6,729	5,716
Non-current assets	26	–
Current liabilities	1,477	874
Non-current liabilities	5,165	4,692
Net assets attributable to:		
Shareholders of Portspin	50	60
Non-controlling interests	63	90
	113	150
Revenue	–	–
Loss and total comprehensive expense for the year	(37)	–

20. ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	2015 RMB'million	2014 RMB'million
Non-current accounts receivable comprise:		
Rental receivables in respect of rent-free periods	184	211
Trade receivables	86	30
Prepayments of relocation costs (note)	234	165
	504	406
Current accounts receivable comprise:		
Trade receivables	806	478
Receivable arising from disposal of a hotel (note 14)	193	–
Prepayments of relocation costs (note)	8,553	7,765
Other deposits, prepayments and receivables, including prepaid business tax of RMB242 million (2014: RMB115 million)	792	483
	10,344	8,726

Note:
The amount represents monies paid to a few relocation agents for clearing the land of the current occupants in respect of a property development project in Shanghai. 86% and 10% (2014: 77% and 17%) of the total outstanding balance are paid to two of the relocation agents.

The balances represent the amounts that will be reclassified to costs of properties under development for sale and investment properties under construction or development as soon as the relocation is completed. Such relocation process in respect of the land portion which will be developed for sale is in accordance with the Group's normal operating cycle and accordingly the related relocation costs are classified as current assets. The balances are not expected to be realised within twelve months from the end of the reporting period.

Trade receivables comprise:

(i) receivables arising from sales of properties which are due for settlement in accordance with the terms of the relevant sales and purchase agreements;

(ii) rental receivables which are due for settlement upon issuance of monthly debit notes to the tenants; and

(iii) receivables arising from construction revenue of which a credit term of 40 days are granted to the customer.

Included in the Group's accounts receivable, deposits and prepayments are trade receivable balances of RMB892 million (2014: RMB508 million), of which 64% (2014: 97%) are aged less than 90 days, and 36% (2014: 3%) are aged over 90 days, as compared to when revenue was recognised.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of RMB560 million (2014: RMB40 million) which are past due at the end of the reporting period for which the Group has not provided for impairment loss, of which 43% (2014: 62%) are past due within 90 days, and 57% (2014: 38%) are past due over 90 days, based on the repayment terms set out in the sales and purchase agreements. No provision for impairment is considered necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the date of the reporting period. Allowance for bad and doubtful debts are generally not required for rental receivables as the Group has collected rental deposits from the tenants to secure any potential losses from uncollectible debts.

Other receivables as at 31 December 2015 included an advance to a government body in Shanghai of RMB200 million. The amount is unsecured, interest-bearing at 6.1% per annum and repayable on date of completion of relocation work for certain land lots of the Group in Shanghai and 31 December 2016, whenever is the earlier.

20A. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2015 RMB'million	2014 RMB'million
Contracts in progress at the end of the reporting period		
Contract costs incurred plus recognised profits less recognised losses	7,537	6,797
Less: progress billings	(7,434)	(6,707)
Analysed for reporting purposes as amounts due from contract customers	103	90

At 31 December 2015, retentions held by customers for contract works amounted to RMB20 million (2014: RMB20 million).

21. PLEDGED BANK DEPOSITS/RESTRICTED BANK DEPOSITS/BANK BALANCES

Pledged bank deposits represent deposits pledged to banks to secure the banking facilities granted to the Group. Deposits amounting to RMB2,008 million (2014: RMB2,300 million) have been pledged to secure long-term bank loans and are therefore classified as non-current assets.

Bank balances carry interest at market rates which range from 0.30% to 1.55% (2014: 0.35% to 2.86%) per annum. Pledged bank deposits carry interest at fixed rates which range from 0.30% to 1.15% (2014: 0.35% to 1.15%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

Restricted bank deposits as at 31 December 2015 include:

- monies placed by the Group with banks amounting to RMB866 million (2014: RMB1,147 million) which can only be applied to designated property development projects of the Group;
- monies placed in designated bank accounts for the settlement of tax in relation to the disposed subsidiaries amounting to RMB634 million (2014: nil) (note 39(a));
- monies placed in designated bank accounts in respect of the disposal of subsidiaries which is completed subsequent to 31 December 2015 amounting to RMB1,768 million (2014: nil) (note 14);
- monies placed in a bank amounting to US$156 million (translated to RMB1,013 million at the spot rate as at 31 December 2015) (2014: nil) solely for the purposes of the acquisition of a subsidiary (note 45); and
- monies placed in banks amounting to RMB1,224 million as at 31 December 2014 solely for the purpose of repayment of certain senior notes during the current year.

22. PROPERTIES HELD FOR SALE

The Group's properties held for sale are situated in the PRC. All the properties held for sale are stated at cost less impairment.

23. AMOUNTS DUE FROM/TO RELATED COMPANIES

	2015 RMB'million	2014 RMB'million
Amounts due from related companies comprise:		
Fellow subsidiaries	193	78
Investees of SOCAM	531	581
	724	659
Amounts due to related companies comprise:		
Fellow subsidiaries	99	11
Subsidiaries of SOCAM	211	229
	310	240

23. AMOUNTS DUE FROM/TO RELATED COMPANIES (CONTINUED)

The amounts above are unsecured, interest free and repayable on demand. An aggregate amount of RMB145 million as at 31 December 2015 (2014: RMB173 million) which are trade nature and with the credit period of 40 days granted by the Group, of which 14% (2014: 17%) are aged less than 90 days, and 86% (2014: 83%) are aged over 90 days, as compared to when revenue was recognised.

In the opinion of the Directors of the Company, the amounts due from related companies amounting to RMB724 million (2014: RMB659 million) are expected to be repaid within twelve months after the end of the reporting period and accordingly the amounts are classified as current assets.

24 AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

The amounts due from non-controlling shareholders of subsidiaries were unsecured, interest free and repayable on demand except for an amount of RMB31 million as at 31 December 2014 which was unsecured, interest-bearing at 6.6% per annum and was repaid during the current year.

The amounts due to non-controlling shareholders of subsidiaries are unsecured, interest free and repayable on demand.

25. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2015 RMB'million	2014 RMB'million
Current portion comprise:		
Trade payables	4,141	3,439
Relocation cost payables	700	–
Retention payables (note)	735	646
Deed tax, business tax and other tax payables	501	308
Deposits received and receipt in advance from property sales	4,552	1,638
Deposits received and receipt in advance in respect of rental of investment properties	473	413
Deposits received for disposal of subsidiaries (note 14)	1,768	–
Other payables and accrued charges	470	482
	13,340	6,926
Non-current portion comprise:		
Other payables and accrued charges	48	72

Note:
Retention payables are expected to be paid upon the expiry of the retention periods according to the respective contracts.

Included in the Group's accounts payable, deposits received and accrued charges are trade payable balances of RMB4,141 million (2014: RMB3,439 million), of which 74% (2014: 75%) are aged less than 30 days, 5% (2014: 15%) are aged between 31 to 60 days, 3% (2014: 6%) are aged between 61 days to 90 days, and 18% (2014: 4%) are aged more than 90 days, based on invoice date.

Deposits received and receipt in advance from property sales amounting to RMB118 million (2014: RMB317 million) are expected to be released to profit or loss more than twelve months after the end of the reporting period.

26. LOANS FROM NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

Loans from non-controlling shareholder of a subsidiary were denominated in HK$ and interest free. These loans were assigned to the Group after the Group acquired the remaining equity interest in the subsidiary during the year (see note 39(d)).

27. BANK AND OTHER BORROWINGS

	2015 RMB'million	2014 RMB'million
Bank borrowings repayable within a period of:		
– Not more than 1 year or on demand	11,396	5,724
– More than 1 year, but not exceeding 2 years	6,671	9,702
– More than 2 years, but not exceeding 5 years	13,010	11,466
– More than 5 years	878	740
	31,955	27,632
Other borrowings repayable within a period of:		
– Not more than 1 year or on demand	1,382	55
– More than 1 year, but not exceeding 2 years	–	722
	1,382	777
Total bank and other borrowings	33,337	28,409
Less: Amount due within one year shown under current liabilities	(12,778)	(5,779)
Amount due after one year	20,559	22,630

The carrying amounts of the Group's bank and other borrowings are analysed as follows:

Denominated in	Interest rate	2015 RMB'million	2014 RMB'million
RMB	90% to 135% (2014: 90% to 146.5%) of PBOC Prescribed Interest Rate	21,467	17,318
RMB	Fixed rates at a range from 8.5% to 10% (2014: at a range from 9% to 10%)	1,949	1,412
HK$	Hong Kong Interbank Offered Rates ("HIBOR") plus 3.1% to 4.3% (2014: HIBOR plus 2.5% to 4.75%)	5,540	6,873
US$	London Interbank Offered Rates ("LIBOR") plus 1.7% to 5% (2014: LIBOR plus 3.1% to 4.75%)	4,381	2,806
		33,337	28,409

As at 31 December 2015, the weighted average effective interest rate on the bank and other borrowings was 5.0% (2014: 6.1%), and are further analysed as follows:

	2015	2014
Denominated in RMB	5.5%	7.0%
Denominated in HK$	4.2%	4.5%
Denominated in US$	3.7%	4.3%

The bank and other borrowings at the end of the reporting period are secured by the pledge of assets as set out in note 41.

28. SHARE CAPITAL

	Authorised		Issued and fully paid	
	Number of shares	US$'000	Number of shares	US$'000
Ordinary shares of US$0.0025 each				
At 1 January 2014 and 31 December 2014	12,000,000,000	30,000	8,001,726,189	20,004
Exercise of share options (note 40)	–	–	50,000	–
Issue of shares pursuant to the share award scheme (note 40)	–	–	24,854,000	62
At 31 December 2015	12,000,000,000	30,000	8,026,630,189	20,066

	2015 & 2014 RMB'million
Shown in the consolidated statement of financial position as	145

The new shares rank pari passu with the existing shares in all respects.

29. RESERVES

(a) Merger reserve represents the aggregate of:

(i) the difference between the nominal value of the share capital and share premium on the shares issued by the Company and the aggregate of the share capital and share premium of the holding companies of the subsidiaries acquired;

(ii) the share of profit attributable to the deemed non-controlling shareholders exchanged upon the group reorganisation in 2004; and

(iii) the difference between the fair value and the carrying amount of the net assets attributable to the additional interest in the subsidiaries being acquired from a non-controlling shareholder upon the group reorganisation in 2004.

(b) Special reserve comprise:

The difference between the fair value and the carrying amount of the net assets attributable to the additional interest in the subsidiaries being acquired from non-controlling shareholders, which will be recognised in the profit or loss upon the earlier of the disposal of the assets, disposal of the subsidiary of the assets which the assets relate, or when the related assets affect profit or loss.

(c) Other reserves mainly comprise:

(i) An amount of RMB483 million, which represents payable waived in 2004 by Shui On Investment Company Limited ("SOI", a shareholder of the Company, which is wholly owned by SOCL), in respect of development costs of the same amount originally paid by Shanghai Shui On Property Development Management Co., Ltd., a fellow subsidiary of SOI, and recharged to certain subsidiaries of the Company.

(ii) Deemed capital contribution of RMB21 million arising on the fair value adjustments at the initial recognition of an interest free loan advanced by a non-controlling shareholder of a subsidiary in 2005.

(iii) Non-distributable reserve of RMB99 million arising from the capitalisation of retained earnings as registered capital of a subsidiary in the PRC in 2006.

(iv) A credit amount of RMB34 million recognised in the year ended 31 December 2010, which represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest of 16.8% in Yang Pu Centre Development Co., Ltd. being acquired from the non-controlling interests in 2010.

29. RESERVES (CONTINUED)

(c) Other reserves mainly comprise: (Continued)

(v) An amount of RMB188 million recognised against the other reserve in the year ended 31 December 2012, which arose from the Group's acquisition of additional interest of 4.81% in Foresight Profits Limited ("Foresight") through capital injection in Foresight. Following the acquisition of the entire non-controlling interest in Foresight during the prior year (see note 39(b)), all balances of non-controlling interest related to Foresight are derecognised and hence the corresponding adjustment of RMB188 million is made to other reserve.

(vi) A credit amount of RMB138 million recognised in the year ended 31 December 2012, which represents the difference between the fair value of the consideration received and the carrying amount of the net assets attributable to the partial disposal of equity interests of 49% in Glory Land Investments Limited ("Glory Land", an indirect wholly-owned subsidiary of the Company which is engaged in property development in Foshan, the PRC). The 49% equity interests in Glory Land was acquired during the current year and a debit balance of RMB80 million, representing the difference between the fair value of the consideration paid of RMB105 million and the carrying amount of the net assets attributable to such acquisition, was recognised in "other reserves". The net difference of RMB58 million previously recognised in other reserve was transferred to retained earnings.

(vii) A debit amount of RMB43 million recognised in the year ended 31 December 2013, which represents the difference between the fair value of the consideration paid and the carrying amount of the net assets attributable to the additional interest in Shanghai Bai-Xing Properties Co., Ltd. ("Bai-Xing"), Shanghai Ji-Xing Properties Co., Ltd. ("Ji-Xing"), Shanghai Tai Ping Qiao Properties Management Co., Ltd. ("TPQM"), Shanghai Xin-tian-di Plaza Co., Ltd. ("XTD Plaza") and Shanghai Xing-Qi Properties Co., Ltd. ("Xing-Qi").

(viii) A credit amount of RMB120 million recognised in the year ended 31 December 2014, which represents the difference between the fair value of consideration paid and the decrease in the non-controlling shareholders of subsidiaries (see note 39(b)).

(xi) A debit amount of RMB57 million recognised in the current year, which represents the difference between the fair value of the consideration paid of RMB10 million and the carrying amount of the net liabilities attributable to the additional interest in Beaming Leader Limited.

30. CONVERTIBLE BONDS

On 29 September 2010, the Company issued RMB denominated US$ settled 4.5% convertible bonds with the aggregate principal amount of RMB2,720 million with the initial conversion price of HK$4.87 at a fixed exchange rate of RMB1.00 to HK$1.1439. All outstanding convertible bonds were fully repaid in cash during the current year.

The convertible bonds contained two components: equity and liability elements. The equity element had been presented in equity heading "convertible bond equity reserve", amounting to RMB96 million, which was transferred directly to retained earnings upon full settlement of convertible bonds.

The movement of the liability component of the convertible bonds for the years is set out below:

	2015 RMB'million	2014 RMB'million
At 1 January	419	395
Interest charged during the year	34	43
Less: Interest paid	(10)	(19)
Less: Repayment during the year	(443)	–
At 31 December	–	419
Amount due within one year shown under current liabilities	–	(419)

31. SENIOR NOTES

	2015 RMB'million	2014 RMB'million
At 1 January	19,137	10,330
Issue of new senior notes	–	10,605
Less: Transaction costs directly attributable to issue/modification of senior notes	–	(534)
Interest charged during the year	1,405	1,435
Less: Interest paid	(1,470)	(1,272)
Less: Repayment of senior notes	(5,157)	(1,350)
Exchange translation	740	(77)
At 31 December	14,655	19,137
Less: Amount due within one year shown under current liabilities	–	(5,275)
Amount due after one year	14,655	13,862

On 26 February 2014, Shui On Development (Holding) Limited ("SODH") issued RMB2,500 million senior notes to independent third parties with a maturity of three years due on 26 February 2017 (the "2017 RMB Notes"). The 2017 RMB Notes bear coupon at 6.875% per annum payable semi-annually in arrears.

On 14 April 2014, SODH offered to exchange and/or repurchase for cash any and all the outstanding 2015 RMB senior notes that were maturing in January 2015 ("2015 RMB Notes") (the "RMB Exchange and Tender Offer"). In addition, SODH offered to exchange any and all the outstanding US$ senior notes that were maturing in February 2015 ("2015 US$ Notes") (the "US$ Exchange Offer").

Following the completion of the RMB Exchange and Tender Offer and US$ Exchange Offer,

- US$418 million of the 2015 US$ Notes were exchanged to US$341 million 2018 US$ Notes (see the definitions below) and US$77 million 2020 US$ Notes, respectively, (see definitions below) with an aggregate exchange premium in cash of RMB135 million paid to the noteholders;

- RMB1,350 million of the 2015 RMB Notes were repurchased for cash with a premium of RMB34 million paid to the noteholders; and

- RMB959 million of the 2015 RMB Notes were exchanged to US$117 million (equivalent to RMB719 million translated at the spot exchange rate on the date of issue (i.e. 19 May 2014)) 2018 US$ Notes and US$39 million (equivalent to RMB240 million translated at the spot exchange rate on 19 May 2014) 2020 US$ Notes with an aggregate exchange premium in cash of RMB24 million paid to the noteholders.

After the completion of the RMB Exchange and Tender Offer and US$ Exchange Offer, US$457 million of the 2015 US$ Notes and RMB1,191 million of the 2015 RMB Notes remained outstanding. These outstanding senior notes were settled during the current year.

In addition, the Group settled Singapore $250 million senior notes during the current year.

The 2018 US$ Notes and 2020 US$ Notes issued during the year ended 31 December 2014 in exchange for the 2015 US$ Notes were accounted for as modifications as the present value of the discounted cash flows under the new terms were not substantially different from those under the old terms, with the exchange premium of RMB135 million being amortised over the remaining periods of the 2018 US$ Notes and 2020 US$ Notes. The 2018 US$ Notes and 2020 US$ Notes issued during the year ended 31 December 2014 in exchange for the 2015 RMB Notes were accounted for as derecognition of the existing senior notes and recognition of new senior notes with the exchange premium of RMB24 million being recognised in profit or loss in prior year. Other transaction costs of RMB63 million relating to the modification for the existing senior notes are amortised over the remaining terms of the senior notes.

31. SENIOR NOTES (CONTINUED)

In addition to those senior notes that were issued during the year ended 31 December 2014 in exchange for the 2015 RMB Notes and 2015 US$ Notes, SODH issued the following senior notes to independent third parties during the year ended 31 December 2014:

- US$179 million (equivalent to RMB1,100 million translated at the spot exchange rate on 19 May 2014) senior notes with a maturity of four years due on 19 May 2018, which bear coupon at 8.700% per annum payable semi-annually in arrears (the "2018 US$ Notes").

- US$87 million (equivalent to RMB534 million translated at the spot exchange rate on 19 May 2014) senior notes with a maturity of six years due on 19 May 2020, which bear coupon at 9.750% per annum payable semi-annually in arrears (the "2020 US$ Notes").

On 10 June 2014, SODH further issued US$550 million (equivalent to RMB3,394 million translated at the spot exchange rate on the date of issue (i.e. 10 June 2014)) senior notes to independent third parties with a maturity of five years due on 10 June 2019 (the "2019 US$ Notes"). The 2019 US$ Notes bear coupon at 9.625% per annum payable semi-annually in arrears.

On 24 November 2014, SODH further issued US$500 million (equivalent to RMB3,077 million translated at the spot exchange rate on the date of issue (i.e. 24 November 2014)) senior notes to independent third parties with a maturity of three years due on 24 November 2017 (the "2017 US$ Notes"). The 2017 US$ Notes bear coupon at 8.70% per annum payable semi-annually in arrears.

Principal terms of 2017 RMB Notes

The 2017 RMB Notes are:

(a) senior in right of payment to any existing and future obligations of SODH expressly subordinated in right of payment to the 2017 RMB Notes;

(b) ranked at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of SODH (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(c) guaranteed by the Company on a senior basis, subject to certain limitations;

(d) effectively subordinated to the secured obligations (if any) of the Company and SODH, to the extent of the value of the assets serving as security therefor; and

(e) effectively subordinated to all existing and future obligations of the subsidiaries of the Company other than SODH.

At any time prior to 26 February 2017, being the maturity date of the 2017 RMB Notes, SODH may at its option redeem the 2017 RMB Notes, in whole or in part, at a redemption price equal to the sum of 100% of the principal amount of the 2017 RMB Notes redeemed, accrued and unpaid interest (if any) and the Applicable Premium (see the definition below). In the opinion of the Directors, the fair value of the option to early redeem the 2017 RMB Notes is insignificant at initial recognition and at the end of the reporting period.

"Applicable Premium" for the 2017 RMB Notes means with respect to the senior notes at any redemption date, the greater of (1) 1.00% of the principal amount of the 2017 RMB Notes and (2) the excess of (A) the present value at such redemption date of (i) the principal amount of the senior notes redeemed, plus (ii) all required remaining scheduled interest payments due on the 2017 RMB Notes through the maturity date of the 2017 RMB Notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate of 2.5% per annum, over (B) the principal amount of the senior notes redeemed on such redemption date.

31. SENIOR NOTES (CONTINUED)

Principal terms of 2018 US$ Notes and 2020 US$ Notes

The 2018 US$ Notes and 2020 US$ Notes are:

(a) senior in right of payment to any existing and future obligations of SODH expressly subordinated in right of payment to the 2018 US$ Notes and 2020 US$ Notes;

(b) ranked at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of SODH (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(c) guaranteed by the Company on a senior basis, subject to certain limitations;

(d) effectively subordinated to the secured obligations (if any) of the Company and SODH, to the extent of the value of the assets serving as security therefor; and

(e) effectively subordinated to all existing and future obligations of the subsidiaries of the Company other than SODH.

At any time prior to the maturity date of the 2018 US$ Notes, the 2018 US$ Notes may be redeemed at the option of SODH, in whole or in part, at a redemption price equal to the sum of 100% of the principal amount of the 2018 US$ Notes redeemed, accrued and unpaid interest (if any) and an Applicable Premium (see the definition below). In the opinion of the Directors of the Company, the fair value of the option to early redeem the 2018 US$ Notes is insignificant at initial recognition and at the end of the reporting period.

At any time prior to 19 May 2017, the 2020 US$ Notes may be redeemed at the option of SODH, in whole or in part, at a redemption price equal to the sum of 100% of the principal amount of the 2020 US$ Notes redeemed, accrued and unpaid interest (if any) and an Applicable Premium (see the definition below). In the opinion of the Directors of the Company, the fair value of the option to early redeem the 2020 US$ Notes is insignificant at initial recognition and at the end of the reporting period.

"Applicable Premium" means with respect to the senior notes at any redemption date, the greater of (1) 1.00% of the principal amount of the 2018 US$ Notes and 2020 US$ Notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption amount of the senior notes redeemed, plus (ii) all required remaining scheduled interest payments due on the 2018 US$ Notes and 2020 US$ Notes through the maturity date of the 2018 US$ Notes and 2020 US$ Notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the senior notes redeemed on such redemption date.

At any time and from time to time on or after 19 May 2017, the 2020 US$ Notes may be redeemed at the option of SODH, in whole or in part, at a redemption price with a range from 101.219% to 104.875% of the principal amount of the 2020 US$ Notes plus accrued and unpaid interest (if any). In the opinion of the Directors of the Company, the fair value of the option to early redeem the 2020 US$ Notes is insignificant at initial recognition and at the end of the reporting period.

Principal terms of 2019 US$ Notes

The 2019 US$ Notes are:

(a) senior in right of payment to any existing and future obligations of SODH expressly subordinated in right of payment to the 2019 US$ Notes;

(b) ranked at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of SODH (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(c) guaranteed by the Company on a senior basis, subject to certain limitations;

(d) effectively subordinated to the secured obligations (if any) of the Company and SODH, to the extent of the value of the assets serving as security therefor; and

(e) effectively subordinated to all existing and future obligations of the subsidiaries of the Company other than SODH.

31. SENIOR NOTES (CONTINUED)

Principal terms of 2019 US$ Notes (Continued)

At any time prior to 10 June 2017, the 2019 US$ Notes may be redeemed at the option of SODH, in whole or in part, at a redemption price equal to the sum of 100% of the principal amount of the 2019 US$ Notes redeemed, accrued and unpaid interest (if any) and an Applicable Premium (see the definition below). In the opinion of the Directors of the Company, the fair value of the option to early redeem the 2019 US$ Notes is insignificant at initial recognition and at the end of the reporting period.

"Applicable Premium" means with respect to the 2019 US$ Notes at any redemption date, the greater of (1) 1.00% of the principal amount of the 2019 US$ Notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption amount of the senior notes redeemed, plus (ii) all required remaining scheduled interest payments due on the 2019 US$ Notes through the maturity date of the 2019 US$ Notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of the senior notes redeemed on such redemption date.

At any time and from time to time on or after 10 June 2017, the 2019 US$ Notes may be redeemed at the option of SODH, in whole or in part, at a redemption price with a range from 102.406% to 104.813% of the principal amount of the 2019 US$ Notes plus accrued and unpaid interest (if any). In the opinion of the Directors of the Company, the fair value of the option to early redeem the 2019 US$ Notes is insignificant at initial recognition and at the end of the reporting period.

Principal terms of 2017 US$ Notes

The 2017 US$ Notes are:

(a) senior in right of payment to any existing and future obligations of SODH expressly subordinated in right of payment to the 2017 US$ Notes;

(b) ranked at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of SODH (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);

(c) guaranteed by the Company on a senior basis, subject to certain limitations;

(d) effectively subordinated to the secured obligations (if any) of the Company and SODH, to the extent of the value of the assets serving as security therefor; and

(e) effectively subordinated to all existing and future obligations of the subsidiaries of the Company other than SODH.

At any time prior to 24 November 2017, the 2017 US$ Notes may be redeemed at the option of SODH, in whole or in part, at a redemption price equal to the sum of 100% of the principal amount of the 2017 US$ Notes redeemed, accrued and unpaid interest (if any) and an Applicable Premium (see the definition below). In the opinion of the Directors, the fair value of the option to early redeem the 2017 US$ Notes is insignificant at initial recognition and at the end of the reporting period.

"Applicable Premium" means with respect to the 2017 US$ Notes at any redemption date, the greater of (1) 1.00% of the principal amount of the 2017 US$ Notes and (2) the excess of (A) the present value at such redemption date of (i) the principal amount of the 2017 US$ Notes at 24 November 2017, plus (ii) all required remaining scheduled interest payments due on the 2017 US$ Notes through the maturity date of the 2017 US$ Notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such notes on such redemption date.

At any time on or before all the senior notes, including 2017 RMB Notes, 2018 US$ Notes, 2020 US$ Notes, 2019 US$ Notes and 2017 US$ Notes, are matured or being fully redeemed, for every two semi-annual periods, dividend payments of the Company are limited to 20% of the Group's consolidated profit for the period/year.

32. CONVERTIBLE PERPETUAL SECURITIES AND WARRANTS

In October 2013, the Company and China Xintiandi, the then wholly-owned subsidiary of the Company, entered into a set of agreements with an independent third party (the "Investor"), pursuant to which the Investor conditionally agreed to subscribe for the following for US$495 million (net of closing fee to the Investor of US$5 million):

- CPS issued by China Xintiandi with the aggregate principal amount of US$500 million; and
- 415 million warrants issued by the Company.

The transaction was completed on 17 February 2014 ("closing date"). The principal terms of the CPS and warrants were disclosed in a circular issued by the Company dated 30 November 2013.

The CPS were recognised as equity instruments of a subsidiary in the Group's consolidated financial statements as the Group did not have a contractual obligation to deliver cash or other financial assets arising from the issue of the CPS.

The warrants are classified as derivative liabilities and measured at fair value at initial recognition and at subsequent reporting dates.

On the initial recognition of the CPS and warrants, the aggregate consideration of US$495 million (equivalent to RMB3,025 million translated using the spot rate as at 17 February 2014) were allocated to the CPS and warrants taking into account the fair value of warrants of US$21 million (equivalent to RMB129 million translated using the spot rate as at 17 February 2014) at initial recognition with the residual of US$474 million (equivalent to RMB2,896 million translated using the spot rate as at 17 February 2014) being allocated to the CPS. Transaction costs of RMB94 million and RMB4 million, respectively, have been allocated to CPS and warrants. Transaction costs allocated to the CPS are recognised in equity whereas transaction costs allocated to the warrants are recognised as expenses when they are incurred.

Key terms of the CPS

The CPS were issued in registered form in denominations of principal amount of US$100,000 each and integral multiples thereof.

The CPS do not have any maturity date.

China Xintiandi has the option to pay distributions from and including the issue date (i.e. 17 February 2014), semi-annually in arrears on each distribution payment date in cash at the following distribution rate:

- in respect of the period from, and including the issue date to, but excluding 17 February 2019, 8.3 per cent per annum;
- in respect of the period from, and including 17 February 2019, 20 per cent per annum.

If China Xintiandi elects not to pay a distribution or does not pay a distribution on two separate distribution payment dates, China Xintiandi shall not, for as long as any CPS are outstanding, declare or pay in cash or in kind any dividend distribution or make any other payment on, and shall procure that, no dividend, distribution or other payment is made on, any of its junior securities or parity obligations, or redeem, reduce, cancel or buy-back or acquire for any consideration any of its junior securities, or parity obligations, unless and until it is permitted to do so by written consent of the holders of the majority of the CPS then outstanding.

The CPS may be converted into ordinary shares of China Xintiandi at any time at the option of the holders which, if converted in full, will represent 21.90 per cent of the share capital of China Xintiandi. The CPS will convert automatically into ordinary shares of China Xintiandi upon a qualified IPO or a listing approved by the holders ("China Xintiandi Listing") at the same pre-determined conversion price. If China Xintiandi completes a listing of China Xintiandi that is not a China Xintiandi Listing, the CPS will remain outstanding after such listing of China Xintiandi.

The CPS may be redeemed at China Xintiandi's option beginning on the fifth anniversary of the closing date by (i) paying to the holders the applicable redemption price of such outstanding CPS to be redeemed; or (ii) if no China Xindianti Listing has occurred by the time of such redemption, procuring the issue by the Company a certain number of ordinary shares of the Company which has a value equal to the applicable redemption price for the CPS to be redeemed.

China Xintiandi has the right to redeem the CPS at their applicable redemption price if it becomes liable to pay additional tax amounts in respect of such CPS, subject to certain circumstances.

32. CONVERTIBLE PERPETUAL SECURITIES AND WARRANTS (CONTINUED)

Key terms of the CPS (Continued)

For so long as a holder holds CPS representing 10% of the ordinary shares of China Xintiandi on a fully diluted basis, upon the occurrence of a Change of Control Event (which happens when either: (i) Mr. Vincent Lo, his family and his and their affiliated trusts and companies (the Permitted Party) cease to control, either directly or indirectly through one or more subsidiaries, more than 30 per cent of the total voting power of the Company; (ii) any person or persons other than the Permitted Party acquires more voting rights of the issued share capital of the Company than the Permitted Party; or (iii) any person or persons other than the Permitted Party acquires more voting rights of the issued share capital of China Xintiandi than the Permitted Party), the Investor may request the Company to redeem all the CPS it holds. Upon such redemption request, China Xintiandi may elect to either: (i) redeem the CPS at the applicable redemption price (see the definition above); or (ii) leave the CPS outstanding, in which case the applicable distribution rate (please see above) will increase by 4%.

In addition, as part of the agreements, the Investor has been given a right to exchange the CPS for a certain number of ordinary shares of the Company at any time during a certain period of time starting from and including the third anniversary of the issue date, or when there is a Change of Control Event at an initial exchange price of HK$3.25 subject to certain anti-dilutive adjustments. The Company then has a right to exchange the CPS by:

(a) paying to the Investor a cash redemption premium of an amount (in US dollars) equal to 0.7% per annum on the aggregate principal amount of the CPS being exchanged; and

(b) at the Company's election, either (i) paying to the Investor the applicable redemption amount of such CPS (in US dollars) in cash; or (ii) exchanging the CPS at the above-mentioned predetermined exchange price.

During the year ended 31 December 2015, CPS with the principal amount of US$499,900,000 have been converted into newly issued ordinary shares of China Xintiandi, representing 21.89% of the enlarged share capital of China Xintiandi. An amount of RMB1,516 million, representing the difference between the carrying amount of the CPS derecognised amounting to RMB2,802 million and the net assets of China Xintiandi attributable to non-controlling shareholders after conversion of RMB4,318 million, were recognised directly in retained earnings.

Any distributions made by China Xintiandi to the Investor are recognised in equity. The distribution paid during the current year amounted to RMB254 million.

Key terms of the warrants

The 415 million warrants are exercisable for 415 million ordinary shares of the Company from the closing date until the third anniversary of the closing date at an exercise price of HK$2.85 per ordinary share subject to certain anti-dilutive adjustments. Further, upon exercise of the warrants, to the extent that the-then market value of each ordinary share of the Company exceeds the exercise price of the warrant by HK$3.62, the number of ordinary shares to be issued will be reduced such that the gain to be received by the holder of the warrant will be capped at HK$3.62 per warrant.

Upon exercise of any warrant by a warrantholder, the Company, as the issuer, may, at its sole discretion, settle its obligations with respect of the warrants in one of the following manners:

- deliver a certain number of ordinary shares of the Company to the warrantholders based on the above-mentioned exercise price with the HK$3.62 cap mechanism;

- deliver a certain number of ordinary shares of the Company to the warrantholders with an aggregate value (calculated based on the market price of ordinary shares of the Company at the time of exercise) equal to the difference between (i) the aggregate value (calculated based on the market price of the ordinary shares of the Company at the time of exercise) of the ordinary shares underlying the warrants being exercised (taking into account the above-mentioned HK$3.62 cap mechanism) and (ii) the aggregate amount of the exercise price to be paid for the warrants being exercised; or

- deliver cash to the warrantholders equal to the difference between (i) the aggregate value (calculated based on the market price of the ordinary shares of the Company at the time of exercise) of the ordinary shares underlying the warrants being exercised (taking into account the above-mentioned HK$3.62 cap mechanism) and (ii) the aggregate amount of the exercise price to be paid for the warrants being exercised.

32. CONVERTIBLE PERPETUAL SECURITIES AND WARRANTS (CONTINUED)

Up to the date of the authorisation of the Group's consolidated financial statements for year ended 31 December 2015 and 31 December 2014, no warrants have been exercised.

The warrants issued by the Company are measured at fair value at initial recognition. At the end of each reporting date, the warrants are re-measured at fair value, with changes in fair value being recognised in profit or loss. The movements of the fair value of the derivative liabilities represented by warrants during the year are as below:

	2015 RMB'million	2014 RMB'million
Fair value recognised at 1 January	64	–
At initial recognition	–	129
Unrealised fair value gain recognised in profit or loss	(32)	(65)
Fair value at 31 December (included in "derivative financial instruments – current") (note 35)	32	64

The Company has engaged an independent qualified valuer to determine the fair values of the warrants as at 31 December 2015 and as at 31 December 2014. The fair values of warrants as at 31 December 2015 and as at 31 December 2014 are determined based on Black-Scholes option pricing method. Key inputs used in arriving at the fair values are as follows:

	2015	2014
Share price of the Company as at 31 December	HK$2.13	HK$1.83
Risk free rate	0.17%	0.62%
Exercise price	HK$2.85	HK$2.85
Warrant cap	HK$6.47	HK$6.47
Expected dividend yield	2.91%	2.23%
Volatility	37%	41%
Warrant life	1.13 years	2.13 years

The above risk free rates were determined with reference to yields of 1.13 years and 2.13 years Hong Kong Exchange Fund Notes available as of 31 December 2015 and 31 December 2014, respectively. The expected volatility was determined based on the historical volatility of the Company's share price for the past 1.13 years and 2.13 years, respectively.

The fair values of warrants as at the date of initial recognition and as at 31 December 2015 are categorised as Level 3 under the fair value hierarchy set out in IFRS 13. There were no transfers in or out of Level 3 during both years.

33. CONVERTIBLE PERPETUAL CAPITAL SECURITIES

On 4 June 2015, SODH issued CPCS with an aggregate principal amount of US$225 million (equivalent to approximately RMB1,376 million translated using the spot rate as at 4 June 2015). The CPCS are guaranteed by the Company on a senior basis for the due payment of all sums which may be payable by SODH. Transaction costs relating to the issue of CPCS amounted to approximately RMB37 million.

Key terms of the CPCS

Subject to the below, distributions shall be paid on the securities semi-annually in arrears on each distribution payment date in cash at the following distribution rates:

- in respect of the period from, and including the issue date to, but excluding 4 June 2020, 7.5 per cent per annum;
- in respect of the periods (i) from, and including 4 June 2020 to, but excluding, the immediately following Reset Date (i.e. 4 June 2020 and each day falling every five calendar years after 4 June 2020) and (ii) from, and including each Reset Date falling thereafter to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (i.e. the rate for U.S. Dollars Swaps with a maturity of 5 years from the relevant reset rate plus the 5.809% Initial Spread plus the 3.00% Step-Up Margin per annum).

33. CONVERTIBLE PERPETUAL CAPITAL SECURITIES (CONTINUED)

Key terms of the CPCS (Continued)

SODH has, at its sole discretion, a right to elect to defer a distribution, unless a compulsory distribution payment event has occurred. If on any distribution payment date SODH elects not to pay a distribution, SODH and the Company, shall not, and the Company shall procure that no dividend, distribution or other payment is made on, any of its junior securities or parity obligations, or to redeem, reduce, cancel or buy-back or acquire for any consideration any of its junior securities, or parity obligations, unless and until SODH and the Company satisfies in full all arrears of distribution and the interest thereof or it is permitted to do so by an extraordinary resolution of the holders of the CPCS.

A compulsory distribution payment event happens when (i) a discretionary dividend, distribution or other payment has been paid or declared by the Company or (ii) the Company or SODH has at its discretion repurchased, redeemed or otherwise acquired any of its junior securities, preference shares or parity securities.

The CPCS can be converted into ordinary shares of the Company at any time on or after 15 July 2015 at the option of the holders at a fixed conversion price of HK$3.2280 (at a fixed exchange rate of HK$7.7528 to US$1) per share of the Company, subject to certain anti-dilutive adjustments. An adjustment has been made to the conversion price from HK$3.2280 to HK$3.11 as a result of the dividends paid by the Company to its ordinary shareholders in June 2015 and September 2015.

The CPCS have no fixed redemption date. SODH may at its option redeem all, but not some only, of the CPCS on 4 June 2020 or on any of 4 June or 4 December after 4 June 2020, and in certain specified circumstances specified in the agreements.

In case of occurrence of any delisting or suspension of the trading of the Company's shares for more than 30 consecutive days that were initiated or made by the Company, the holder of CPCS will have the right to require the Company to procure the redemption of the CPCS. In the opinion of the Directors of the Company, the occurrence of such events is highly remote.

The CPCS are classified as equity instruments in the Group's consolidated financial statements as the Group does not have a contractual obligation to deliver cash or other financial assets arising from the issue of the CPCS.

Up to the date of the authorisation of the Group's consolidated financial statements for the year ended 31 December 2015, no CPCS have been converted into ordinary shares of the Company.

Any distributions made by SODH to the holders are recognised in equity in the consolidated financial statements of the Group. The distribution for the semi-annual period 3 December 2015 amounting to RMB54 million was paid during the current year.

34. PERPETUAL CAPITAL SECURITIES

On 4 December 2012, SODH issued US$500 million (equivalent to approximately RMB3,137 million) 10.125% guaranteed perpetual capital securities ("Perpetual Capital Securities") at an issue price of 100% of the principal amount. The Perpetual Capital Securities were guaranteed by the Company on a senior basis for the due payment of all sums which may be payable by SODH under the Perpetual Capital Securities. Distributions on the Perpetual Capital Securities are paid semi-annually in arrears from 10 June 2013 and can be deferred at the discretion of SODH. The Perpetual Capital Securities have no fixed maturity and are redeemable at SODH's option on or after 10 December 2017 at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company and SODH cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company and SODH.

35. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 RMB'million	2014 RMB'million
Call option to buy back an investment property	450	–
Warrants (note 32)	32	64
Interest rate swaps	5	7
Cross currency swaps	238	232
For the purpose of financial statement presentation:		
Non-current assets	450	–
Non-current liabilities	238	89
Current liabilities	37	214
	275	303

Call option to buy back an investment property

In previous years, the Group disposed of its entire equity interest in a subsidiary, and the related intercompany loans, that indirectly, owned 99% interest in an investment property located in Shanghai, the PRC, to an independent third party for a cash consideration of RMB3,364 million.

In accordance with the relevant sale and purchase agreement entered into in previous years, the Group was granted a call option to repurchase all the equity interest of the disposed subsidiary and the related shareholders' loans within two months before the fifth anniversary or the seventh anniversary of the completion of the disposal (i.e. 18 December 2013), at a cash consideration that represent the original consideration plus 9% per annum rate of return.

As at 31 December 2015, the fair value of the call option was estimated to be RMB450 million taking into account, inter alia, the fair values of the underlying investment properties estimated with reference to the actual transaction prices for similar property transfers within the same locality entered into by the Group in recent months.

The Group has engaged an independent valuer to estimate the fair value of the option as at 31 December 2015. The fair value of the option as at 31 December 2015 are determined using Monte-Carlo simulation with the following key assumptions:

99% interest of property valuation	RMB5,732 million
Time to maturity	4.97 years
Risk-free rate	2.89%
3-year forward 2-year risk free rate	3.20%
Volatility	5%

The property valuation has been determined with reference to the recent transaction prices of similar investment properties in the same locality disposed of by the Group in recent months. The above risk free rates were determined with reference to yields of RMB China government bond. The volatility was determined with reference to the average rent of Premium Grade A office in the same region as the location of the subject investment properties.

The call option measured at fair value as at 31 December 2015 is a fair value measurement under IFRS 13 that requires Level 3 inputs. Level 3 inputs are unobservable inputs for the asset or liability.

An increase in the property valuation would result in an increase in the fair value of the call option, and vice versa. If the property valuation is 3% higher and lower while all other variables are held constant, the carrying amount of the call option would increase by approximately RMB600 million and decrease by approximately RMB330 million respectively.

35. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cross currency swaps

(a) Derivative financial instruments designated as hedging instruments

During the year ended 31 December 2013, the Group entered into cross currency swaps to hedge against the variability of cash flows arising from the Group's SGD senior notes due in 2015. Under these swaps, the Group would receive interest at a fixed rate of 8% per annum based on the principal amount of SGD250 million and pay interest semi-annually at fixed rates ranging from 9.57% to 9.68% per annum based on the notional amounts of RMB1,269 million in aggregate, with a maturity of two years due on 26 January 2015, and would receive SGD250 million and pay RMB1,269 million at the time when the principal is due for payment (i.e. January 2015). The cross currency swaps have been negotiated to match the settlement periods of the 2015 SGD Notes.

During the year ended 31 December 2014, the Group also entered into cross currency swaps to hedge against the variability of cash flows arising from the Group's 2015 US$ Notes with principal amount of US$400 million. Under these swaps, the Group would receive interest at a fixed rate of 9.75% per annum based on the principal amount of US$400 million and pay interest semi-annually at fixed rates ranging from 9.2% to 9.78% per annum based on the notional amount of approximately RMB2,500 million in aggregate, and would receive US$400 million and pay RMB2,500 million at the time when the principal is due for payment (i.e. February 2015). The cross currency swaps have been negotiated to match the settlement period of the 2015 US$ Notes.

During the year ended 31 December 2015, the fair value loss arising from the cross currency swaps of RMB5 million (2014: RMB52 million) was recognised in other comprehensive income. A cumulative fair value loss of RMB26 million was reclassified from other comprehensive income to profit or loss during the year ended 31 December 2015 upon the expiry dates of the above swaps. There were no outstanding cross currency swaps as at 31 December 2015.

(b) Derivative financial instruments not designated as hedging instruments

During the year ended 31 December 2014, the Group entered into cross currency swaps to reduce the risk of currency exchange fluctuation of the Group's 2017 RMB Notes with principal amount of RMB2,500 million. Under these swaps, the Group would receive interest at a fixed rate of 6.875% per annum based on the principal amount of RMB2,500 million and pay interest semi-annually at fixed rate at 5.840% to 5.975% per annum based on the notional amount of approximately US$408 million in aggregate, and would receive RMB2,500 million and pay US$408 million at the time when the principal is due for payment (i.e. February 2017). The cross currency swaps have been negotiated to match the settlement period of the 2017 RMB Notes.

The Group has not designated the cross currency swaps of 2017 RMB Notes as hedging instruments. The fair value loss of RMB154 million was recognised in profit or loss during the current year (2014: RMB82 million).

36. LIABILITIES ARISING FROM RENTAL GUARANTEE ARRANGEMENTS

	2015 RMB'million	2014 RMB'million
Rental guarantees, at fair values	690	531
For the purpose of financial statements presentation:		
Non-current liabilities	370	249
Current liabilities	320	282
	690	531

36. LIABILITIES ARISING FROM RENTAL GUARANTEE ARRANGEMENTS (CONTINUED)

During the year ended 31 December 2014, the Group disposed of an investment property to an independent third party ("purchaser") for a cash consideration of RMB2,412 million. As of 31 December 2015, RMB2,410 million (2014: RMB2,291 million) of the cash consideration has been received by the Group and the remaining RMB2 million (2014: RMB121 million) has been recognised as accounts receivables in the Group's consolidated statement of financial position. As part of the disposal, the Group also agreed to provide the purchaser with a rental guarantee whereby the Group agreed to compensate the purchaser on a yearly basis, from the date when the first instalment was received till 31 January 2019 which could be further extended by the purchaser for three times, each for a one-year period when certain conditions are met, the shortfall between 8% of the consideration received by the Group from the purchaser and the net operating income to be generated by the property. On the other hand, the Group shall be entitled to receive from the purchaser a fee amounting to 80% of the excess of net operating income above 8% of the consideration received by the Group from the purchaser.

A similar arrangement was entered into during the year ended 31 December 2013 with another independent third party purchaser, which, in accordance with the related sales and purchase agreement, the rental guarantee arrangement will last till January 2017.

In the current year, the Group has reassessed and revised the related cash flow forecast taking into account the latest market conditions.

As at 31 December 2015, the fair value of financial liabilities arising from the abovementioned rental guarantee arrangements, which is calculated by using Monte-Carlo simulation using the following assumptions:

	2015	2014
Estimated office unit rental	RMB98 to RMB157 per square meter	RMB108 to RMB170 per square meter
Occupancy rate	68% to 99%	95% to 98%
Risk-free rate	2.33% to 2.60%	3.38% to 3.46%
Discount rate	7.01% to 7.28%	8%
Adjustment for estimation uncertainty	39.04% to 44.75%	13.23% to 17.3%
Expected expiry date	17 January 2017 and 31 January 2020	17 January 2017 and 31 January 2019

Risk-free rates represent the corresponding yield to maturity of respective China Sovereign Fixed Rate.

A loss of RMB439 million (2014: RMB160 million) has been recognised in profit or loss in the current year to reflect changes in estimates (included in "other gains and losses" line item).

The Group's liabilities arising from rental guarantee arrangements that are measured at fair value at the end of the reporting period are grouped under Level 3. There were no transfers in or out of Level 3 during the year. Level 3 fair value measurements are those derived from inputs that are unobservable for the asset or liability. The higher the estimated office unit rental and occupancy rate, the lower the fair value of the liabilities arising from rental guarantee arrangements. The higher the discount rate, the lower the fair value of the liabilities arising from rental guarantee arrangements.

37. DEFERRED TAX ASSETS/LIABILITIES

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation RMB'million	Revaluation of investment properties RMB'million	Tax losses RMB'million	Recognition of sales and related cost of sales RMB'million	Withholding tax on income derived in the PRC RMB'million	Others RMB'million	Total RMB'million
At 1 January 2014	1,297	4,291	(177)	(151)	249	53	5,562
Charge (credit) to profit or loss	108	715	(60)	(426)	(8)	(201)	128
Charge to other comprehensive income	–	11	–	–	–	–	11
Disposal of subsidiaries (note 39(h))	–	–	–	–	–	(97)	(97)
At 31 December 2014	1,405	5,017	(237)	(577)	241	(245)	5,604
Charge (credit) to profit or loss	145	1,152	(149)	(103)	(10)	36	1,071
Transfer to liabilities associated with assets classified as held for sale (note 14)	(25)	(481)	41	(11)	–	(3)	(479)
Disposal of subsidiaries (note 39(a))	(121)	(1,379)	–	(4)	(3)	(1)	(1,508)
At 31 December 2015	1,404	4,309	(345)	(695)	228	(213)	4,688

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015 RMB'million	2014 RMB'million
Deferred tax assets	(554)	(402)
Deferred tax liabilities	5,242	6,006
	4,688	5,604

At the end of the reporting period, the Group has unused tax losses of RMB1,879 million (2014: RMB1,099 million) available to offset against future profits. A deferred tax asset has been recognised in respect of such tax losses amounting to RMB1,545 million (2014: RMB948 million). No deferred tax asset has been recognised in respect of the remaining tax losses of RMB334 million (2014: RMB151 million) due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years ending 31 December:

	2015 RMB'million	2014 RMB'million
2015	–	16
2016	16	7
2017	79	15
2018	82	56
2019	130	57
2020	27	–
	334	151

38. PROVIDENT AND RETIREMENT FUND SCHEMES

Hong Kong

The Group participates in both a defined benefit plan (the "Plan") which is registered under the Occupational Retirement Schemes Ordinance and in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The Plan was effective in 2004. The assets of the Plan are held separately from those of the Group and are invested in securities and funds under the control of trustees. Employees who were members of the Plan prior to the establishment of MPF Scheme were offered a choice of staying within the Plan or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

The MPF Scheme

For members of the MPF Scheme, contributions are made by the employees at 5% of relevant income and by the Group at rates ranging from 5% to 10% of the employees' salaries, depending on the employees' length of services with the Group.

The Group's contributions to the MPF Scheme charged to the consolidated statement of profit or loss as staff costs during the year ended 31 December 2015 is RMB10 million (2014: RMB12 million).

The Plan

Contributions to the Plan are made by the members at 5% of their salaries and by the Group which are based on recommendations made by the actuary of the Plan. Under the Plan, a member is entitled to retirement benefits which comprise the sum of any benefits transferred from another scheme and the greater of the sum of employer's basic contribution plus the member's basic contribution accumulated with interest at a rate of no less than 6% per annum before 1 September 2003 and 1% per annum in respect of contributions made on or after 1 September 2003 or 1.8 times the final salary times the length of employment with the Group on the attainment of the retirement age of 60. For members who joined the Plan before 1997, the retirement age is 60 for male members and 55 for female members. No other post-retirement benefits are provided.

The actuarial valuations of the plan assets and the present value of the defined benefit obligation are carried out at 31 December 2015 and 31 December 2014 by Ms. Elaine Hwang of Towers Watson Hong Kong Limited, who is a Fellow of the Society of Actuaries. The present value of the defined benefit obligations and the related current service cost are measured using the Projected Unit Credit Method.

The Plan exposes the Group to actuarial risks such as investment risk, interest risk and salary risk.

Investment risk	The plan assets are invested in a diversified portfolio of equities, hedge funds, bonds and cash, covering major geographical locations around the world. The diversification of asset classes and geographical location helps to reduce the concentration of risk associated with the plan investments.
Interest risk	The present value of the defined benefit plan liabilities is calculated using a discount rate determined by reference to market corporate bond yields. A decrease in the discount rate will increase the plan liabilities.
Salary risk	The present value of the defined benefit plan liabilities is calculated by reference to the future salaries of members. An increase in the salaries of members will increase the plan liabilities.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at	
	2015	2014
Discount rate per annum	1.2%	1.6%
Expected rate of salary increase	4.0%	5.0%

The actuarial valuation showed that the market value of plan assets was RMB52 million (2014: RMB45 million) and that the actuarial value of these assets represented 63% (2014: 56%) of the benefits that had accrued to members.

38. PROVIDENT AND RETIREMENT FUND SCHEMES (CONTINUED)

Hong Kong (Continued)

The Plan (Continued)

Amounts recognised in profit or loss and other comprehensive income in respect of these defined benefit plans are as follows:

	2015 RMB'million	2014 RMB'million
Service cost and components of defined benefit costs recognised in profit or loss:		
– Current service cost	3	3
– Net interest cost	1	1
	4	4
Remeasurement of the net defined benefit liability and components of defined benefit costs recognised in other comprehensive income:		
– Return on plan assets (excluding amounts included in net interest expense)	4	(1)
– Actuarial gains and losses arising from changes in demographic assumptions	(2)	–
– Actuarial gains and losses arising from changes in financial assumptions	(3)	1
– Actuarial gains and losses arising from experience adjustments	(1)	(6)
	(2)	(6)
Total	2	(2)

The expense for the year is included in the retirement benefits costs in profit or loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans is as follows:

	2015 RMB'million	2014 RMB'million
Present value of funded defined benefit obligations	82	81
Fair value of plan assets	(52)	(45)
Net liabilities arising from defined benefit obligations	30	36

Movements in the present value of the defined benefit obligations in the current year were as follows:

	2015 RMB'million	2014 RMB'million
At 1 January	81	102
Current service cost	3	3
Interest cost	1	2
Remeasurement (gains) losses:		
– Actuarial gains and losses arising from changes in demographic assumptions	(2)	–
– Actuarial gains and losses arising from changes in financial assumptions	(3)	1
– Actuarial gains and losses arising from experience adjustments	(1)	(6)
Contributions from plan participants	1	1
Benefits paid from scheme assets	(4)	(27)
Transfer in	–	4
Exchange realignment	6	1
At 31 December	82	81

38. PROVIDENT AND RETIREMENT FUND SCHEMES (CONTINUED)

Hong Kong (Continued)

The Plan (Continued)

Movements in the present value of the plan assets in the current year were as follows:

	2015 RMB'million	2014 RMB'million
At 1 January	45	51
Remeasurement gain:		
– Interest income on scheme assets	1	1
– Return on plan assets (excluding amounts included in net interest expense)	(4)	1
Contributions from the employer	10	13
Contributions from plan participants	1	1
Benefits paid from scheme assets	(4)	(27)
Transfer in	–	4
Exchange realignment	3	1
At 31 December	52	45

The major categories of plan assets at the end of the reporting period are as follows:

	2015 RMB'million	2014 RMB'million
Equities	34	30
Hedge funds	6	5
Bonds and cash	12	10
	52	45

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets.

The actual return on plan assets was loss of RMB3 million (2014: gain of RMB2 million).

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected rate of salary increase. No sensitivity analysis is prepared as the financial impact arising from the changes in discount rate and expected rate of salary increase is insignificant.

The management has regularly monitored the investment strategies of the plan assets and there has been no change in the process used by the management to manage its risks from prior periods.

The average duration of the benefit obligation at 31 December 2015 is 5.2 years (2014: 6.0 years).

The Group expects to make a contribution of RMB10 million (2014: RMB10 million) to the defined benefit plan during the next financial year.

PRC

According to the relevant laws and regulations in the PRC, certain subsidiaries established in the PRC are required to contribute a specific percentage of the payroll of their employees to retirement benefit schemes to fund the retirement benefits of their employees. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the respective schemes.

The Group's contributions to the state-managed retirement benefit schemes charged to the consolidated statement of profit or loss as staff costs during the year ended 31 December 2015 amounted to RMB50 million (2014: RMB41 million).

39. ACQUISITIONS AND DISPOSALS

(a) Disposal of 100% equity interest in Brixworth International Limited in the current year

On 31 August 2015, the Group completed a disposal of 100% equity interest in Brixworth International Limited ("Brixworth") that indirectly owns investment properties for an aggregate cash consideration of approximately US$1,032 million (equivalent to RMB6,596 million at the date of disposal).

The net assets of the subsidiaries being disposed of at the date of the disposal were as follows:

	RMB'million
Net assets disposed of:	
Investment properties	6,449
Accounts receivable, deposits and prepayments	15
Bank balances and cash	139
Accounts payable, deposits received and accrued charges	(95)
Tax payables	(3)
Deferred tax liabilities	(1,508)
	4,997
Gain on disposal of the subsidiaries:	
Cash consideration received	6,596
Less: Transaction costs	(60)
Less: Net assets disposed of	(4,997)
Release of other reserve (debit balance) upon disposal	(9)
	1,530
Increase in fair value of the investment properties recognised during the year (note 13)	1,644
Presented as "gain on investment properties disposed of"	3,174
Cash consideration received, net of transaction costs	6,536
Less: Restricted bank deposits for the purpose of the settlement of the tax payment (note 21)	(634)
Less: Bank balances and cash disposed of	(139)
Net cash inflow arising on the disposal	5,763

During the year ended 31 December 2015, included in the Group's turnover and the Group's profit for the year were turnover of RMB193 million and a net profit of RMB1,191 million respectively attributable to the subsidiaries disposed of.

(b) Disposal of subsidiaries and acquisition of non-controlling interests of subsidiaries in the prior year and acquisition of further equity interest in the joint venture in the current year

During the year ended 31 December 2013, the Group entered into a series of agreements with Trophy Property GP Limited, as general partner of and on behalf of Trophy Property Development L.P. and its subsidiaries (collectively referred to as "Trophy"). Pursuant to these agreements, the Group agreed to dispose of 51% equity interests of Portspin of which its subsidiaries owned a parcel of land in Shanghai, the PRC, which is held for property development for sale and to assign the Group's shareholders' loans to Portspin to Trophy. In return, Trophy agreed to (i) transfer the non-controlling interests it has in the following non-wholly owned subsidiaries of the Group and its shareholders' loans to the following subsidiaries to the Group:

- 25% interest in Fieldcity Investments Limited ("Fieldcity");
- 20.19% interest in Foresight Profits Limited ("Foresight");
- 25% interest in Rightchina Limited ("Rightchina"); and
- 19.81% interest in Score High Limited ("Score High");

and (ii) form a joint venture with the Group.

39. ACQUISITIONS AND DISPOSALS (CONTINUED)

(b) Disposal of subsidiaries and acquisition of non-controlling interests of subsidiaries in the prior year and acquisition of further equity interest in the joint venture in the current year (Continued)

Fieldcity, Foresight, Rightchina and Score High are the holding companies of certain of the Group's property projects in Wuhan, Rui Hong Xin Cheng in Shanghai and Chongqing.

The disposal of 51% equity interests of Portspin, acquisition of the non-controlling interests of the Group's various subsidiaries (see above) and the subsequent formation of the joint venture in Portspin were completed on 5 September 2014. Upon completion of the above transactions, the Group retained only 19.3419% equity interests of Portspin and it has lost control over Portspin Group. The Group has determined that it has joint control over Portspin Group after the disposal date as decisions regarding the relevant activities of Portspin Group require unanimous consent from the Group and Trophy. The retained 19.3419% interest in Portspin has been accounted for as an interest in joint venture using the equity method of accounting since the date of disposal of 51% equity interest in Portspin and the subsequent formation of joint venture in Portspin.

Upon the completion of the acquisition of the non-controlling interests in the Group's various subsidiaries (see above), these subsidiaries have become wholly-owned subsidiaries of the Group.

In addition, in accordance with these agreements, Trophy has a right to require the Group to acquire equity interests in Portspin (representing approximately 10% equity interest in Portspin) and the related shareholders' loan of Portspin that worth US$90 million at an exercise price of US$81 million. If Trophy exercises the sale option to require the Group to acquire such equity interests and shareholders' loan of Portspin, the Group will have a right to acquire additional amount of equity interests (representing approximately 10% equity interest in Portspin) and the related shareholders' loan of Portspin at an exercise price of US$81 million.

The excess of RMB120 million of (i) the aggregate carrying amount of non-controlling interests in these subsidiaries amounting to RMB1,537 million over (ii) the fair value of the consideration paid by the Group for the acquisition of the non-controlling interests, that includes the sum of the followings, has been recognised as a credit in the equity attributable to the holders of the Company (see "other reserve" in the consolidated statement of changes in equity):

- fair value of 31.6581% interest in Portspin as at 5 September 2014, amounting to RMB75 million, plus
- fair value of net shareholder's loan receivable (net of payables) assigned to Trophy, amounting to RMB1,519 million, plus
- fair value of the put option exercisable by Trophy less fair value of the conditional call option as at 5 September 2014, amounting to nil.

For more information on the disposal of subsidiaries and acquisition of non-controlling interests of subsidiaries, please refer to the circular of the Company published on 28 October 2013.

39. ACQUISITIONS AND DISPOSALS (CONTINUED)

(b) Disposal of subsidiaries and acquisition of non-controlling interests of subsidiaries in the prior year and acquisition of further equity interest in the joint venture in the current year (Continued)

The following net assets of Portspin and its subsidiaries were derecognised at the date of disposal:

	RMB'million
Properties under development for sale	5,257
Bank balances and cash	303
Other payables	(248)
Amounts due to shareholders	(5,161)
Net assets of Portspin Group derecognised	151
Non-controlling interests derecognised	(119)
	32
Fair value of the consideration received, estimated using fair value of 31.6581% equity interests of Portspin	75
Add: fair value of the retained 19.3419% equity interest in Portspin	40
Net assets of Portspin Group less non-controlling interests derecognised	(32)
Gain on disposal (included in "other gains and losses" line item)	83
Net cash outflow arising on the disposal:	
Bank balances and cash disposed of	(303)

Upon the exercise of the call and put options, an aggregate cash consideration of US$162 million (equivalent to RMB992 million) was paid and the Group's interest in Portspin was increased from 19.3419% to 39.8624% during the year ended 31 December 2015. The exercise of these options did not change the directorship of Portspin Group as the key decision on relevant activities of the joint venture still require unanimous consent from all shareholders and hence the Portspin Group is under joint control of the Group. The difference between approximately 20% of net assets of Portspin as at the dates of exercise of the options of an amount of RMB1,107 million and the consideration paid, amounting to RMB115 million, was recognised in other reserves.

(c) Acquisition of 100% equity interest in Pacific Sunrise Holdings Limited in the current year

In December 2014, an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into a sale and purchase agreement with an independent third party seller, pursuant to which the seller conditionally agreed to dispose of, and the purchaser conditionally agreed to acquire 100% equity interest of Pacific Sunrise Holdings Limited for a cash consideration of RMB168 million of which RMB118 million was paid in the current year and RMB50 million was paid in 2014. The acquisition was completed in March 2015 and has been reflected in the movements of the Group's investment properties (see note 13). The acquisition was accounted for as an asset acquisition.

(d) Acquisition of the remaining equity interest in Glory Land Investment Limited in the current year

In November 2015, the Group acquired and Mitsui Fudosan Residential Co., Ltd. ("Mitsui", a non-controlling shareholder of a subsidiary of a Group's associate) sold (a) 49% of the equity interests in Glory Land Investment Limited ("Glory Land"), which was a non-wholly owned subsidiary of the Group before the completion of the transaction, and (b) the related shareholder's loan amounting to RMB72 million for a total cash consideration of approximately RMB177 million. Glory Land indirectly holds property projects located in Foshan, the PRC. The transaction was completed on 30 November 2015. Upon completion, Glory Land became an indirect wholly-owned subsidiary of the Company. A net difference of RMB80 million (a debit balance) between the consideration paid and the carrying amount of non-controlling shareholders of subsidiaries was recognised directly in equity for the year ended 31 December 2015.

39. ACQUISITIONS AND DISPOSALS (CONTINUED)

(e) Acquisition of the remaining equity interest in Beaming Leader Limited in the current year

On 30 January 2015, the Group entered into agreements with non-controlling shareholders of a subsidiary pursuant to which the Group conditionally agreed to purchase and the sellers agreed to sell an aggregate of 23.4% of the equity interests in Beaming Leader Limited, which was a non-wholly owned subsidiary of the Group before the completion of the transaction, for a total cash consideration of approximately RMB10 million. The transaction was completed on 30 January 2015. Upon completion, Beaming Leader became an indirect wholly-owned subsidiary of the Company. Beaming Leader Limited and its subsidiaries are engaged in the provision of management services. The difference of RMB57 million (a debit balance) between the consideration paid and the carrying amount of non-controlling shareholders of subsidiaries was recognised directly in equity for the year ended 31 December 2015.

(f) Acquisition of construction, construction management and fitting out businesses in the PRC from SOCAM in the prior year

Pursuant to a sale and purchase agreement dated 21 August 2014, the Company and its subsidiaries, as the purchasers, purchased on 31 October 2014 and SOCAM (a related party of the Group (see note 18) and its subsidiaries, as the sellers, sold 100% of the share capital and the shareholders' loans of:

- Shui On Granpex Limited ("SO Granpex");
- Pat Davie (China) Limited ("PD China"); and
- Famous Scene Holdings Limited ("Famous Scene"),

for an aggregate cash consideration of approximately HK$355 million (equivalent to RMB281 million translated at the spot rate at the date of completion). The acquired shareholders' loans amounted to HK$286 million (equivalent to RMB227 million translated at the spot rate at the date of completion).

The subsidiaries of the abovementioned acquired companies are engaged in the construction, construction management and fitting out businesses in the PRC.

SO Granpex and Famous Scene together hold 85% equity interests in Shui On Construction Co., Ltd. ("SOCM"), which is engaged in building construction and maintenance in the PRC. The remaining 15% equity interests in SOCM are owned by an independent third party. The Group is currently one of the largest customers of SOCM.

39. ACQUISITIONS AND DISPOSALS (CONTINUED)

(f) Acquisition of construction, construction management and fitting out businesses in the PRC from SOCAM in the prior year (Continued)

The recognised amounts of assets and liabilities of the acquired companies at the date of acquisition (which was 31 October 2014) were set out below:

	RMB'million
Property, plant and equipment	3
Interest in a joint venture	5
Debtors, deposits and prepayments	227
Amounts due from related companies	290
Amounts due from the Group	443
Bank balances and cash	130
Creditors and accrued charges	(599)
Amounts due to related companies	(178)
Taxation payables	(7)
Net assets acquired	314
Consideration paid	281
Plus: non-controlling interests	18
Less: Recognised net assets of the acquirees	(314)
Bargain purchase gain (included in "other gains and losses" in the profit or loss)	(15)
Net cash outflow on acquisitions:	
Cash consideration paid	281
Less: cash and cash equivalent balances acquired	(130)
	151

The non-controlling interests at the acquisition date were measured at their present ownership interests' proportionate share in the recognised amounts of the acquirees' identifiable assets at the date of acquisition.

Included in the profit of the Group for the year ended 31 December 2014 is an aggregate loss of RMB2 million attributable to the acquired companies (after elimination of transactions with the Group). Turnover of the Group for the year ended 31 December 2014 includes RMB84 million generated from the acquired companies (after elimination of the transactions with the Group).

Had the acquisitions of SO Granpex, PD (China) and Famous Scene been completed on 1 January 2014, the Group's total turnover for the year ended 31 December 2014 (after elimination of the transactions with the Group) would have been RMB10,729 million, and the Group's profit for the year ended 31 December 2014 would have been RMB2,476 million. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

For more information on the acquisition, please refer to the circular of the Company published on 22 September 2014.

Acquisition-related costs of RMB3 million have been expensed in the profit or loss in the prior year and included in "General and administrative expenses" line item in the consolidated statement of profit or loss.

In the opinion of the Directors of the Company, the integration of these acquired companies with the existing property development business of the Group will bring synergy to the business of the Group, which in turn, will maximise the return to its shareholders. The acquisitions have been accounted for using the acquisition method.

39. ACQUISITIONS AND DISPOSALS (CONTINUED)

(g) Partial disposal of equity interests in subsidiaries and acquisition of the non-controlling interest in the prior year

On 26 August 2014, a subsidiary of the Group entered into an agreement with Mitsui pursuant to which SODH conditionally agreed to purchase and Mitsui agreed to sell (a) 49% of the equity interests in Value Land, and (b) the related shareholder's loan of RMB290 million for a total cash consideration of approximately RMB373 million. The transaction was completed on 11 September 2014. Accordingly, Value Land became an indirect wholly-owned subsidiary of the Company. The difference of RMB82 million (a debit balance) between the consideration paid and the carrying amount of non-controlling shareholders of subsidiaries was recognised directly in equity for the year ended 31 December 2014. The net difference of RMB2 million previously recognised in other reserve was transferred to retained earnings.

(h) Disposal of 66.7% equity interest in Magic Garden Investments Limited in the prior year

On 27 August 2014, an indirect wholly-owned subsidiary of the Company, as the seller, and G.E. Hotel (Xintiandi) Limited ("G.E.Hotel", an indirect wholly-owned subsidiary of Great Eagle (see note 14)), as the purchaser, entered into a sale and purchase agreement (the "Agreement") pursuant to which the seller conditionally agreed to dispose of, and G.E. Hotel conditionally agreed to acquire, 66.7% of the equity interests in Magic Garden Investments Limited ("Magic Garden", a 66.7% indirect owned subsidiary of the Company) and the related shareholder's loan, for an aggregate cash consideration of RMB500 million (the "Disposal"). Before the Disposal, G.E. Hotel is the non-controlling shareholder of Magic Garden, that owns 33.3% of the equity interests in Magic Garden. The Disposal was completed on 11 December 2014.

Prior to the date of the Disposal, Magic Garden, indirectly owns 50% equity interest in Shanghai Li Xing, a company established in the PRC. Shanghai Li Xing is the legal owner of Langham Xintiandi Hotel and Andaz Hotel located in Shanghai, the PRC. Pursuant to the contractual arrangements entered into by Magic Garden, Shanghai Li Xing and various other parties in 2010, Magic Garden indirectly beneficially owns the land use rights and building ownership rights pertaining to Langham Xintiandi Hotel whereas the other shareholders of Shanghai Li Xing (that are independent of the Group) beneficially owns the land use rights and building ownership rights pertaining to Andaz Hotel. Accordingly, the Group's consolidated financial statements since 2012 have included the assets, liabilities and equity pertaining to Langham Xintiandi Hotel but have not included the assets, liabilities and equity pertaining to Andaz Hotel.

For more information on the disposal of subsidiaries, please refer to the circular of the Company published on 29 September 2014.

As part of the terms of agreements for the Disposal, a subsidiary of the Company shall be appointed as an agent to facilitate the completion of the segregation of the land use rights and building ownership rights pertaining to Langham Xintiandi Hotel and Andaz Hotel by way of the demerger of Shanghai Li Xing (the "Demerger") and the Group shall be responsible for two-thirds of the costs arising from the Demerger. In the event that the Demerger is not completed within 3 years (subject to an extension to 4 years if the Group pays G.E.Hotel an extension fee of RMB10 million) after the completion of the Disposal, according to the terms of agreements for the Disposal, the Group shall be responsible to procure the other shareholders of Shanghai Li Xing to sell their entire interest in Shanghai Li Xing to Landton Limited in return for Shanghai Li Xing's entire interest in Andaz Hotel. If the Group is unable to procure the completion of such a transaction, G.E.Hotel will procure Shanghai Li Xing to sell its entire interest in Langham Xintiandi Hotel to a subsidiary of Great Eagle, and the Group will be responsible for two-thirds of all costs, expenses and taxes arising from such transactions. In the opinion of the Directors of the Company, the Demerger is expected to be completed within 3 years after 11 December 2014 and the fair value of the related liability is insignificant at 31 December 2014 and 31 December 2015.

In addition, according to the terms of the agreement for the Disposal, if any subsidiary of Great Eagle enters into an agreement to sell any interest in Langham Xintiandi Hotel within 6 years after the completion of the Disposal, the Group is entitled to share some of the profits with a cap of RMB10 million, subject to certain conditions to be met. In the opinion of the Directors of the Company, any possible derivative asset arising from such a right will be insignificant.

39. ACQUISITIONS AND DISPOSALS (CONTINUED)

(h) Disposal of 66.7% equity interest in Magic Garden Investments Limited in the prior year (Continued)

The net assets of the disposed subsidiaries at the date of the Disposal were as follows:

	RMB'million
Net assets disposed of:	
Investment properties	204
Property, plant and equipment	1,641
Pledged bank deposits	171
Accounts receivable, deposits and prepayments	18
Bank balances and cash	6
Accounts payable, deposits received and accrued charges	(94)
Amounts due to related companies	(3)
Loan from a non-controlling shareholder of the Company	(266)
Amount due to the Group	(411)
Secured bank borrowings – due within one year	(276)
Secured bank borrowings – due after one year	(740)
Deferred tax liabilities	(97)
	153
Loss on disposal of subsidiaries:	
Cash consideration received	500
Shareholder's loan assigned	(411)
Less: Transaction costs	(3)
Less: Net assets disposed of	(153)
Add: Non-controlling interests	51
	(16)
Net cash inflow arising on the disposal:	
Cash consideration received, net of transaction costs	497
Less: Bank balances and cash disposed of	(6)
	491

During the year ended 31 December 2014, included in the Group's turnover and the Group's profit for the year are turnover of RMB237 million and a net loss of RMB93 million respectively attributable to Magic Garden and its subsidiaries.

39. ACQUISITIONS AND DISPOSALS (CONTINUED)

(i) Disposal of entire equity interest in Pacific Gain Limited in the prior year

During the year ended 31 December 2014, the Group disposed of the entire equity interest in Pacific Gain Limited, of which its wholly-owned subsidiary engaged in property management in Hangzhou, the PRC, to an independent third party for an aggregate cash consideration of RMB53 million. The net assets of the disposed subsidiaries at the date of disposal were as follows:

	RMB'million
Net assets disposed of:	
Property, plant and equipment	21
Accounts receivables	6
Bank balances and cash	14
Other payables	(12)
	29
Gain on disposal	24
Total consideration	53
Net cash inflow arising on the disposal:	
Cash consideration received	53
Less: Bank balances and cash disposed of	(14)
	39

40. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed by the shareholders on 8 June 2007 for the primary purpose of providing incentives to directors, eligible employees and consultants. Under the Scheme, the total number of shares in respect of which options may be granted is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

At 31 December 2015, 86,530,274 share options (2014: 106,199,404 share options) remains outstanding under the Scheme, representing 1.1% (2014: 1.3%) of the ordinary shares of the Company in issue at that date. The Scheme allows the Board of Directors, when offering the grant of any option, to impose any condition including any performance target which must be met before the option shall vest and become exercisable. The exercise price is determined by the Directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

HK$1.00 is payable by each eligible participant to the Company on acceptance of an offer of options, to be paid within 1 month from the date of the offer.

40. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme (Continued)

The movement in the Company's share options is set out below:

Date of grant	Exercise price HK$	Number of options At 1 January 2015	Granted during the year	Exercised during the year	Lapsed during the year	Reclassification	At 31 December 2015
20 June 2007	6.45	43,183,746	–	–	(12,304,005)	–	30,879,741
1 August 2007	7.54	633,145	–	–	(137,372)	–	495,773
2 October 2007	9.22	363,192	–	–	(95,393)	–	267,799
1 November 2007	10.86	312,799	–	–	(83,021)	–	229,778
3 December 2007	9.11	88,153	–	–	(20,457)	–	67,696
2 January 2008	8.27	2,417,322	–	–	(781,128)	–	1,636,194
1 February 2008	7.42	479,602	–	–	(162,493)	–	317,109
3 March 2008	7.08	361,974	–	–	(84,470)	–	277,504
2 May 2008	7.31	3,298,158	–	–	(624,043)	–	2,674,115
2 June 2008	6.77	7,354,544	–	–	(1,422,643)	–	5,931,901
2 July 2008	5.95	280,114	–	–	(74,003)	–	206,111
4 September 2009	4.52	9,317,382	–	–	(3,267,371)	–	6,050,011
18 January 2012	2.41	10,304,887	–	(50,000)	(742,765)	–	9,512,122
3 September 2012	4.93	27,804,386	–	–	(6,470,966)	–	21,333,420
7 July 2015	2.092	–	6,651,000	–	–	–	6,651,000
		106,199,404	6,651,000	(50,000)	(26,270,130)	–	86,530,274
Categorised as:							
Directors		7,109,726	–	–	–	(7,109,726)	–
Consultant		434,000	–	–	(217,000)	–	217,000
Employees		98,655,678	6,651,000	(50,000)	(26,053,130)	7,109,726	86,313,274
		106,199,404	6,651,000	(50,000)	(26,270,130)	–	86,530,274
Number of options exercisable		71,843,210					68,891,804

In respect of the share options exercised during the year, the weighted average share price at the date of exercise is HK$2.49.

40. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme (Continued)

		Number of options				
Date of grant	Exercise price HK$	At 1 January 2014	Granted during the year	Exercised during the year	Lapsed during the year	At 31 December 2014
20 June 2007	6.45	59,872,138	–	–	(16,688,392)	43,183,746
1 August 2007	7.54	780,144	–	–	(146,999)	633,145
2 October 2007	9.22	1,049,032	–	–	(685,840)	363,192
1 November 2007	10.86	412,400	–	–	(99,601)	312,799
3 December 2007	9.11	106,365	–	–	(18,212)	88,153
2 January 2008	8.27	2,732,140	–	–	(314,818)	2,417,322
1 February 2008	7.42	881,413	–	–	(401,811)	479,602
3 March 2008	7.08	427,852	–	–	(65,878)	361,974
2 May 2008	7.31	3,796,477	–	–	(498,319)	3,298,158
2 June 2008	6.77	9,064,413	–	–	(1,709,869)	7,354,544
2 July 2008	5.95	399,934	–	–	(119,820)	280,114
4 September 2009	4.52	12,694,099	–	–	(3,376,717)	9,317,382
18 January 2012	2.41	13,303,687	–	–	(2,998,800)	10,304,887
3 September 2012	4.93	31,010,617	–	–	(3,206,231)	27,804,386
		136,530,711	–	–	(30,331,307)	106,199,404
Categorised as:						
Directors		14,641,916	–	–	(7,532,190)	7,109,726
Consultant		651,000	–	–	(217,000)	434,000
Employees		121,237,795	–	–	(22,582,117)	98,655,678
		136,530,711	–	–	(30,331,307)	106,199,404
Number of options exercisable		73,938,553				71,843,210

The vesting period and the exercisable period of the share options granted to eligible employees on 7 July 2015 are as follows:

	Vesting period	Exercisable period
The first 1/5 of the grant:	From date of grant to 30 June 2016	From 30 June 2016 to 6 July 2021
The second 1/5 of the grant:	From date of grant to 30 June 2017	From 30 June 2017 to 6 July 2021
The third 1/5 of the grant:	From date of grant to 30 June 2018	From 30 June 2018 to 6 July 2021
The fourth 1/5 of the grant:	From date of grant to 30 June 2019	From 30 June 2019 to 6 July 2021
The fifth 1/5 of the grant:	From date of grant to 30 June 2020	From 30 June 2020 to 6 July 2021

The vesting period and the exercisable period of the share options granted to eligible employees and Directors on 18 January 2012 are as follows:

	Vesting period	Exercisable period
The first 50% of the grant:	From date of grant to 27 June 2013	From 28 June 2013 to 17 January 2020
The second 25% of the grant:	From date of grant to 31 December 2013	From 1 January 2014 to 17 January 2020
The last 25% of the grant:	From date of grant to 31 December 2014	From 1 January 2015 to 17 January 2020

40. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme (Continued)

The vesting period and the exercisable period of the share options granted to eligible employees and Directors for the remaining grants are as follows:

	Vesting period	Exercisable period
The first 1/7 of the grant:	From date of grant to the 2nd anniversary	From the 2nd to the 7th anniversary of the date of grant
The second 1/7 of the grant:	From date of grant to the 3rd anniversary	From the 3rd to the 8th anniversary of the date of grant
The third 1/7 of the grant:	From date of grant to the 4th anniversary	From the 4th to the 9th anniversary of the date of grant
The fourth 1/7 of the grant:	From date of grant to the 5th anniversary	From the 5th to the 9th anniversary of the date of grant
The fifth 1/7 of the grant:	From date of grant to the 6th anniversary	From the 6th to the 9th anniversary of the date of grant
The sixth 1/7 of the grant:	From date of grant to the 7th anniversary	From the 7th to the 9th anniversary of the date of grant
The last 1/7 of the grant:	From date of grant to the 8th anniversary	From the 8th to the 9th anniversary of the date of grant

The vesting period and the exercisable period of the share options granted to a consultant are as follows:

	Vesting period	Exercisable period
The first 1/5 of the grant:	Unconditional and fully vested at the date of grant	Before the 5th anniversary of the date of grant
The second 1/5 of the grant:	From date of grant to the 1st anniversary	Before the 6th anniversary of the date of grant
The third 1/5 of the grant:	From date of grant to the 2nd anniversary	Before the 7th anniversary of the date of grant
The fourth 1/5 of the grant:	From date of grant to the 3rd anniversary	Before the 8th anniversary of the date of grant
The last 1/5 of the grant:	From date of grant to the 4th anniversary	Before the 9th anniversary of the date of grant

The estimated fair value of the options granted on 7 July 2015 is RMB2 million.

These fair values were calculated using the Binomial lattice model. The inputs into the model were as follows:

Share price at the date of grant	HK$1.830
Exercise price	HK$2.092
Expected volatility of the Company's share price	35%
Expected life	6 years
Risk-free rates of interest	1.14% to 1.35%
Expected dividend yield	2.8%
Early exercise behaviour	170%
Rate of leaving services after the options are vested	4%

Expected volatility was determined by using the historical volatility of the Company's share price from the listing date to the grant date. The expected dividend yield has taken into account the historical dividend yield in the past 5 years. The risk-free interest rates are based on the yield curve fitted by market yields of the Hong Kong Government Exchange Fund Notes and Government Bonds at the grant date.

The Binomial lattice model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

40. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share option scheme (Continued)

The Group has recognised the total expense of RMB4 million (2014: RMB6 million) in the profit or loss in relation to share options granted by the Company.

During the year ended 31 December 2014, none of the share options have been exercised.

Share award scheme

On 1 April 2015, (1) a connected employee share award scheme and (2) an employee share award scheme were adopted by the Company. The share award scheme is effective for a period of 16 years commencing from 1 April 2015. Pursuant to these two schemes, the Group has set up a trust for the purpose of administering the share award scheme and holding the awarded shares before they vest. The Company shall pay to the trustee monies and give directions or recommendation to the trustee to apply such monies and/or such other net amount of cash derived from shares held as part of the fund of the trusts to acquire shares from the market, and/or to allot and issue shares to the trustee, to satisfy any award made to selected participants. The remuneration committee of the Company shall select eligible persons and determine the number of shares to be awarded. Upon termination of the schemes, the trustee shall sell all unvested shares remaining in the trusts within a reasonable time period as agreed between the trustee and the Company, and remit all cash and net proceeds of such sale and such other funds remaining in the trust to the Company.

During the current year, a total of 17,149,000 award shares (which, depending on the performance of the Group, may be adjusted to a maximum of 42,872,500 award shares, i.e. 250% of the award shares granted during the year) and 7,705,000 award shares (which, depending on the performance of the Group, may be adjusted to a maximum of 19,262,500 award shares, i.e. 250% of the award shares granted during the year) of the Company have been awarded to certain connected employees (including directors of the Company and of certain subsidiaries) and employees of the Group respectively at no consideration.

The award shares shall vest upon conditions relating to the Group's performance and the individual performance being met during the 3-year performance period.

As at 31 December 2015, 24,854,000 shares are allotted at par and held by the trust for the share award schemes.

Vesting dates	Outstanding at 1 January 2015	Movement during the year			Outstanding at 31 December 2015
		Awarded	Vested	Lapsed	
Connected Employee Share Award Scheme					
On or before 30 June 2017 (after the publication of 2016 annual results by the Company)	–	8,574,500	–	(1,712,000)	6,862,500
2 January 2018	–	4,287,250	–	(856,000)	3,431,250
2 January 2019	–	4,287,250	–	(856,000)	3,431,250
	–	17,149,000	–	(3,424,000)*	13,725,000**
Employee Share Award Scheme					
On or before 30 June 2017 (after the publication of 2016 annual results by the Company)	–	3,852,500	–	–	3,852,500
2 January 2018	–	1,926,250	–	–	1,926,250
2 January 2019	–	1,926,250	–	–	1,926,250
	–	7,705,000	–	–	7,705,000
	–	24,854,000	–	(3,424,000)	21,430,000

* 3,424,000 award shares were granted to Mr. Daniel Y.K. Wan during the year.
** Including 2,199,000 award shares which were granted to Mr. Philip K.T. Wong during the year.

No other award shares have been granted to other directors of the Company.

The aggregate fair value of 24,854,000 award shares determined based on the share price of the Company at the date of grant amounted to approximately HK$45 million (approximately RMB36 million), of which RMB8 million was recognised as an expense in profit or loss for the current year with the corresponding credit being recognised in equity under the heading of "share award reserve".

41. PLEDGE OF ASSETS

The following assets are pledged to banks as securities to obtain certain banking facilities at the end of the reporting period:

	2015 RMB'million	2014 RMB'million
Investment properties	52,318	47,744
Property, plant and equipment	1,090	796
Prepaid lease payments	7	131
Properties under development for sale	9,159	3,794
Properties held for sale	81	632
Accounts receivable	84	43
Bank deposits	3,082	3,291
	65,821	56,431

In addition, the equity interests in certain subsidiaries with carrying amount of net assets of RMB14,604 million (2014: RMB20,625 million) are also pledged to banks as securities to obtain banking facilities granted to the Group at the end of the reporting period.

Included in investment properties, accounts receivable and bank deposits above are RMB5,700 million (2014: nil), RMB47 million (2014: nil) and RMB93 million (2014: nil), respectively, are included under assets classified as held for sale.

42. LEASE ARRANGEMENTS

As lessor

Property rental income in respect of the investment properties earned of RMB1,428 million (2014: RMB1,163 million), net of outgoings of RMB255 million (2014: RMB158 million), is RMB1,173 million (2014: RMB1,005 million). The investment properties held have committed tenants for the next one to twenty years at fixed rentals. Included in the property rental income, certain leases contain contingent rental income recognised during the year ended 31 December 2015 amounting to RMB24 million (2014: RMB23 million). These contingent rentals are generally based on specified percentages of turnover of the tenants.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments (i.e. fixed rental income) which fall due as follows:

	2015 RMB'million	2014 RMB'million
Within one year	1,201	1,149
In the second to fifth years inclusive	2,359	1,788
Over five years	448	141
	4,008	3,078

As lessee

At the end of the reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 RMB'million	2014 RMB'million
Within one year	15	23
In the second to fifth years inclusive	4	12
	19	35

Operating lease payments represent rentals payable by the Group for certain of its office and retail properties. Leases are negotiated for an average term of one to five years.

43. COMMITMENTS AND CONTINGENCIES

(a) Capital and other commitments

At the end of the reporting period, the Group has the following commitments:

	2015 RMB'million	2014 RMB'million
Contracted but not provided for:		
Development costs for investment properties under construction or development	5,561	6,282
Development costs for properties under development held for sale	4,151	6,329
Acquisition of investment properties through acquisition of a company	–	118
Acquisition of additional equity interest in a joint venture (note 39(b))	–	991
Acquisition of subsidiaries (note 45)	3,656	–
	13,368	13,720

(b) Contingent liabilities

(i) Pursuant to an agreement entered into with the district government (the "Hongkou Government") and the Education Authority of the Hongkou District, Shanghai, the PRC on 31 July 2002, guarantees of no more than RMB324 million (2014: RMB324 million) will be granted by the Group to support bank borrowings arranged in the name of a company to be nominated by the Hongkou Government, as part of the financing arrangement for the site clearance work in relation to the development of a parcel of land. As at 31 December 2015 and 31 December 2014, such arrangement has not taken place.

(ii) As at 31 December 2015, the Group has outstanding a guarantee issued to (a) a joint venture which was formed between Richcoast and Mitsui and (b) Mitsui for an aggregate amount not exceeding RMB87 million (2014: RMB311 million) in respect of Richcoast's payment obligations to the joint venture and Mitsui.

(iii) As at 31 December 2015, the Group has outstanding financial guarantees issued to independent third parties in respect of outstanding amounts due from subsidiaries of an associate. The maximum amounts that could be paid by the Group if the guarantees were called upon is RMB472 million (2014: RMB192 million).

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors of the Company exercise judgment in evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, accordingly, no value has been recognised in the consolidated statement of financial position as at 31 December 2015 and 31 December 2014. Should the actual outcome be different from expected, provision for losses will be recognised in the consolidated financial statements.

44. RELATED PARTY TRANSACTIONS

Apart from the related party transactions and balances as stated in notes 10, 18, 19, 23, 24, 26, 39 and 43, the Group has the following transactions with related companies during the year:

	2015 RMB'million	2014 RMB'million
SOCL and its subsidiaries other than those of the Group		
Rental and building management fee expenses	4	4
Travelling expenses	8	11
SOCAM and its investees		
Project construction costs	–	441
Revenue from construction services	279	80
Associates		
Project management fee income		
– current year	–	16
– overprovision in prior year	(29)	–
Imputed interest income	41	42
Interest income	158	83
Labor fee income	12	–
Joint ventures		
Project management fee income	20	4
Interest income	41	63
Labor fee income	13	–
Key management personnel		
Property sales	9	6
Short-term benefits	76	71
Post-employment benefits	5	4
Share option payments	1	2
Share award expense	4	–
	86	77

45 . EVENT AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in the consolidated financial statements, the Group has the following event after the reporting period.

Pursuant to a sale and purchase agreement dated 18 December 2015, the Group, as the purchaser, has conditionally agreed to buy, and Trophy as the seller, has conditionally agreed to sell the 60.14% equity interest and the related shareholders' loans in Portspin in two stages: the initial stage in relation to 18.04% of the equity interest in Portspin for a cash consideration of US$156 million (approximately RMB1,013 million translated using the exchange rate as at 31 December 2015) to be settled on 19 January 2016 and the final stage in relation to 42.1% of the equity interest in Portspin for a cash consideration of US$407 million (approximately RMB2,643 million translated using the exchange rate as at 31 December 2015) to be settled on 29 December 2017. The initial stage sale was completed after the end of the reporting period and Portspin became an indirect non-wholly owned subsidiary of the Company.

In relation to the above acquisition, the Group has raised bank loans before the end of the current year amounting to approximately RMB1,013 million which would be restricted for the purposes of the payment of the acquisition (note 21).

46. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes bank and other borrowings, convertible bonds and senior notes disclosed in notes 27, 30 and 31, respectively net of bank balances and cash, restricted bank deposits and pledged bank deposits, and equity comprising issued share capital and reserves, CPS, CPCS, perpetual capital securities and non-controlling shareholders of subsidiaries.

47. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2015 RMB'million	2014 RMB'million
Financial assets		
Derivative financial asset	450	–
Loans and receivables (including bank balances and cash)	19,591	15,811
Financial liabilities		
Derivative financial instruments	275	303
Amortised cost	56,970	53,912

b. Financial risk management objectives and policies

The Group's major financial instruments include derivative financial asset, loans to associates, loans to joint ventures, accounts receivable, amounts due from associates, amounts due from related companies, amounts due from joint ventures, amounts due from non-controlling shareholders of subsidiaries, pledged bank deposits, restricted bank deposits, bank balances and cash, accounts payable, amounts due to related companies, amounts due to non-controlling shareholders of subsidiaries, loans from non-controlling shareholder of a subsidiary, bank and other borrowings, convertible bonds, senior notes, derivative financial instruments and liabilities arising from rental guarantee arrangements.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The main risks arising from the Group's financial instruments are currency risk, interest rate risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

47. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Currency risk

All of the Group's turnover is denominated in RMB. However, the Group has certain bank balances and debt obligations that are denominated in foreign currency. As a result, the Group is exposed to fluctuations in foreign exchange rates. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2015 RMB'million	2014 RMB'million
HK$		
Assets	2,577	2,951
Liabilities	7,107	7,042
US$		
Assets	1,719	2,847
Liabilities	16,603	17,420
SGD		
Liabilities	–	1,197

Sensitivity analysis

The Group is mainly exposed to the currency of HK$ and US$.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items assuming the balances at the end of the reporting period outstanding for the whole year and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where RMB strengthen 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Notes	2015 RMB'million	2014 RMB'million
HK$			
Profit or loss	(i)	216	195
US$			
Profit or loss	(ii)	708	683

Notes:
(i) This is mainly attributable to the exposure outstanding on receivables and payables denominated in HK$ not subject to cash flow hedges at the end of the reporting period.
(i) This is mainly attributable to the exposure outstanding on receivables, payables and senior notes denominated in US$ not subject to cash flow hedges at the end of the reporting period.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's exposure to changes in interest rates is mainly attributable to its bank and other borrowings at variable rates.

The Group's fair value interest rate risk relates primarily to fixed rate bank borrowings (note 27) and senior notes (note 31).

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR and PBOC prescribed interest rate arising from the Group's HK$, US$ and RMB borrowings. In order to mitigate the cash flow interest rate risk in respect of the bank and other borrowings, the Group has entered into several interest rate swaps (which have been designated as hedging instruments) whereby the Group will receive interest at variable rates at HIBOR, LIBOR or PBOC prescribed interest rate and pay interests at fixed rates. Details of the interest rate swaps are set out in note 35.

Sensitivity analysis

The following table details the Group's sensitivity to a 50 basis points (2014: 100 basis points) increase and decrease in HIBOR and LIBOR, and a 100 basis points (2014: 100 basis points) increase and decrease in PBOC prescribed interest rate. 50 basis points and 100 basis points are the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The sensitivity analysis includes only variable-rate bank and other borrowings assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year, after taking into consideration the effects of the interest rate swaps designated as hedging instruments. A positive number below indicates an increase in profit where the interest rate decreases. If the interest rate increases, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2015 RMB'million	2014 RMB'million
HIBOR and LIBOR		
Profit or loss	42	79
PBOC prescribed interest rate		
Profit or loss	156	99

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 43.

The Group's credit risk is primarily attributable to its loans to associates, loans to joint ventures, accounts receivable, amounts due from associates, amounts due from related companies and amount of contingent liabilities in relation to the financial guarantees provided by the Group. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers, except for as at 31 December 2015, loans to associates of RMB1,962 million (2014: RMB1,804 million), loans to joint ventures of RMB2,912 million (2014: RMB1,735 million) and amounts due from associates of RMB1,878 million (2014: RMB1,242 million).

The credit risk on liquid funds is limited because the funds have been deposited with various creditworthy financial institutions located in Hong Kong and in the PRC.

47. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of bank and other borrowings. The Group also monitors the current and expected liquidity requirements and its compliance with lending covenants regularly to ensure it maintains sufficient working capital and adequate committed lines of funding to meet its liquidity requirement.

The following table details the maturities of the Group's financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

For derivative instruments that are settled on a net basis, undiscounted net cash outflows are presented.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Within 1 year or on demand RMB'million	More than 1 year but less than 2 years RMB'million	More than 2 years but less than 5 years RMB'million	More than 5 years RMB'million	Total undiscounted cash flows RMB'million	Carrying amount at 31 December 2015 RMB'million
2015							
Non-derivative financial liabilities							
Accounts payable, deposits received and accrued charges	–	7,919	24	24	–	7,967	7,967
Bank and other borrowings at variable rates	5.0%	14,170	7,483	13,843	1,055	36,551	33,337
Senior notes	9.0%	1,286	6,947	10,039	–	18,272	14,655
Amounts due to related companies	–	310	–	–	–	310	310
Amounts due to non-controlling shareholders of subsidiaries	–	11	–	–	–	11	11
Financial guarantee contracts (note a)	–	559	–	–	–	559	–
Rental guarantee (note b)	–	320	384	688	473	1,865	690
		24,575	14,838	24,594	1,528	65,535	56,970
Derivatives – net settlement							
Cash flow hedge instruments	–	37	238	–	–	275	275

	Weighted average effective interest rate %	Within 1 year or on demand RMB'million	More than 1 year but less than 2 years RMB'million	More than 2 years but less than 5 years RMB'million	More than 5 years RMB'million	Total undiscounted cash flows RMB'million	Carrying amount at 31 December 2014 RMB'million
2014							
Non-derivative financial liabilities							
Accounts payable, deposits received and accrued charges	–	5,024	24	48	–	5,096	5,096
Bank and other borrowings at variable rates	6.1%	7,390	11,565	12,428	837	32,220	28,409
Convertible bonds	10.7%	453	–	–	–	453	419
Senior notes	8.9%	6,574	1,222	14,857	1,299	23,952	19,137
Amounts due to related companies	–	240	–	–	–	240	240
Amounts due to non-controlling shareholders of subsidiaries	–	10	–	–	–	10	10
Loans from non-controlling shareholders of a subsidiary	7.04%	–	–	83	–	83	70
Financial guarantee contracts (note a)	–	503	–	–	–	503	–
Rental guarantee (note b)	–	282	370	844	700	2,196	531
		20,476	13,181	28,260	2,836	64,753	53,912
Derivatives – net settlement							
Cash flow hedge instruments	–	214	89	–	–	303	303

Notes:

a. The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

b. The amounts included above relate to the rental guarantee arrangements entered into by the Group (see note 36). In respect of the compensation for the current year, the amounts above represent the actual amount. In respect of the remaining guarantee period for 2016 (2014: 2015) and beyond, the amounts represent the maximum amounts the Group could be required to settle as if there was no operating income to be generated by the disposed properties. Based on the expectations at the end of the reporting period, the Group considers that it is more likely that a much lower amount will be payable under the arrangements as some of the properties have been generating rental income. In addition, as mentioned in note 36, liabilities arising on rental guarantee arrangements are measured at fair value at the end of the reporting period. However, this estimate is subject to change depending on the future rental income that will be generated from the properties.

47. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

c. Fair value measurement

The fair values of the Group's financial assets and financial liabilities excluding derivative financial instruments are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Group's derivative financial instruments, other than the call option to buy back an investment property, are measured at fair value at the end of the reporting period and they are grouped under Level 2 financial instruments based on the degree to which the fair value is observable.

The Group's interest rate swaps amounting to RMB5 million (2014: RMB7 million) are measured at the present value of future cash flows, estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

The Group's cross currency swaps amounting to RMB238 million (2014: RMB232 million) are measured at the present value of future cash flows, estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

The Group's call option to buy back an investment property and liabilities arising from rental guarantee arrangements that are measured at fair value at the end of the reporting period are grouped under Level 3. The fair values of both instruments are estimated based on Monte-Carlo simulation using key inputs as disclosed in notes 35 and 36 respectively.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 RMB'million	2014 RMB'million
Non-current assets		
Investments in subsidiaries	5,083	4,375
Loan to a subsidiary	11,599	10,769
	16,682	15,144
Current assets		
Amounts due from subsidiaries	–	1,565
Other prepayment	22	23
Restricted bank balances	–	100
Bank balances	2	2
	24	1,690
Current liabilities		
Convertible bonds	–	419
Net current assets	24	1,271
Total assets less current liabilities	16,706	16,415
Capital and reserves		
Share capital	145	145
Reserves (note)	16,529	16,206
Total equity	16,674	16,351
Warrants	32	64
Total equity and non-current liabilities	16,706	16,415

The company's statement of financial position was approved and authorised for issue by the Board of Directors on 16 March 2016 and are signed on its behalf by:

VINCENT H. S. LO
DIRECTOR

DOUGLAS H. H. SUNG
DIRECTOR

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: Details of the Company's reserves are set out below:

	Share premium RMB'million	Share award reserve RMB'million	Convertible bond equity reserve RMB'million	Other Reserve RMB'million	Share option reserve RMB'million	Accumulated losses RMB'million	Total RMB'million
At 1 January 2014	18,020	–	96	483	199	(2,871)	15,927
Profit and total comprehensive income for the year	–	–	–	–	–	644	644
Recognition of equity-settled share-based payment expenses	–	–	–	–	6	–	6
Total dividends of HK$0.062 per share paid, comprising 2013 final dividend of HK$0.04 per share and 2014 interim dividend of HK$0.022 per share	–	–	–	–	–	(395)	(395)
Deemed contribution from a subsidiary	–	–	–	24	–	–	24
At 31 December 2014	18,020	–	96	507	205	(2,622)	16,206
Profit and total comprehensive income for the year	–	–	–	–	–	710	710
Recognition of equity-settled share-based payment expenses	–	–	–	–	4	–	4
Lapsed of share options	–	–	–	–	(83)	83	–
Settlement of convertible bonds upon maturity	–	–	(96)	–	–	96	–
Recognition of equity-settled share-based payment expenses under the share award scheme (note 40)	–	8	–	–	–	–	8
Total dividends of HK$0.062 per share paid, comprising 2014 final dividend of HK$0.04 per share and 2015 interim dividend of HK$0.022 per share	–	–	–	–	–	(399)	(399)
At 31 December 2015	18,020	8	–	507	126	(2,132)	16,529

49. PARTICULARS OF THE SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 December 2015 and 31 December 2014 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2015 (note a)	Attributable equity interest held 2014 (note a)	Place of operation	Principal activities
Ally Victory Limited	BVI 18 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Atlantic Best Limited	Hong Kong 5 January 2001	HK$2	–	100%	Hong Kong	Investment holding
Beaming Leader Limited	BVI 5 October 2012	10,000 ordinary shares of US$1 each	78.11%	76.6%	Hong Kong	Investment holding
Best Scene Retail Asset Management (Hong Kong) Limited	Hong Kong 4 April 2011	HK$1	78.11%	76.6%	Hong Kong	Investment holding
Best View Development Limited	Hong Kong 5 March 2008	HK$1	100%	100%	Hong Kong	Investment holding
Big Glory (HK) Limited	Hong Kong 24 February 2014	HK$1	100%	100%	Hong Kong	Investment holding
Billion China Investments Limited	BVI 18 October 2007	20 ordinary shares of US$1 each	100%	51% (A shares) 100% (B shares)	Hong Kong	Investment holding
Billion World Limited	Hong Kong 19 November 2003	HK$2	100%	100%	Hong Kong	Investment holding
Bondwise Profits Limited	BVI 28 December 2000	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2015 (note a)	2014	Place of operation	Principal activities
Bright Continental Limited	Hong Kong 5 March 2003	HK$2	100%	100%	Hong Kong	Investment holding
Bright Power Enterprises Limited	BVI 1 July 2004	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Brixworth International Limited	BVI 3 January 2001	1 ordinary share of US$1	–	100%	Hong Kong	Investment holding
Central Fit Investments Limited	BVI 23 October 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Century Team Limited	Hong Kong 16 January 1998	HK$2	78.11%	100%	Hong Kong	Investment holding
Champion Ally Limited	BVI 11 February 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Chinalink Capital Limited	BVI 16 July 2003	999 ordinary shares of US$1 each	–	100%	Hong Kong	Dormant
China Advance Limited	Hong Kong 13 November 2006	HK$1	100%	100%	Hong Kong	Investment holding
China KC Investment Management (Hong Kong) Limited	Hong Kong 22 January 2014	HK$1	100%	100%	Hong Kong	Dormant
China KC Investment Management Limited	Cayman Islands 5 September 2014	1 ordinary share of US$0.01	100%	100%	Hong Kong	Dormant
China KC Principal Partner Limited	Cayman Islands 5 September 2014	1 ordinary share of US$0.01	100%	100%	Hong Kong	Dormant
China Knowledge Community Development (Holding) Limited	Cayman Islands 5 September 2014	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
China Knowledge Community Limited	Cayman Islands 5 September 2014	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
China Wealth (H.K.) Limited	Hong Kong 4 January 2006	HK$1	100%	100%	Hong Kong	Investment holding
China Xintiandi Commercial Assets Limited	Cayman Islands 21 March 2014	1 ordinary share of US$0.01	78.11%	100%	Hong Kong	Investment holding
China Xintiandi Company Limited	BVI 21 March 2011	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
China Xintiandi Limited	Cayman Islands 18 April 2011	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
China Xintiandi Development Company Limited	Cayman Islands 3 November 2011	1 ordinary share of US$0.01	78.11%	100%	Hong Kong	Investment holding
China Xintiandi Holding Company Limited	Cayman Islands 27 October 2011	1,280,312 ordinary shares of US$0.001 each	78.11%	100%	Hong Kong	Investment holding
China Xintiandi Enterprise Limited	Cayman Islands 3 April 2014	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
China Xintiandi Investment Company Limited	Cayman Islands 27 October 2011	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
China Xintiandi Management (Hong Kong) Limited	Hong Kong 12 October 2012	HK$1	78.11%	100%	Hong Kong	Investment holding
China Xintiandi Property Company Limited	Cayman Islands 27 October 2011	1 ordinary share of US$0.01	78.11%	100%	Hong Kong	Investment holding
Chongqing Shui On Tiandi Property Development Co. Ltd. (Note b)	PRC 21 November 2003	Registered and paid up capital US$385,000,000	99%	99%	PRC	Property development and property investment
Citichamp Limited	Hong Kong 19 July 2006	HK$1	100%	100%	Hong Kong	Investment holding
Cititop Pacific Limited	Hong Kong 1 December 2000	HK$2	100%	100%	Hong Kong	Investment holding
Clear Max Enterprises Limited	BVI 15 January 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Costworth Investments Limited	BVI 12 January 2001	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Crown Fame Limited	Hong Kong 18 October 2007	HK$1	100%	51%	Hong Kong	Investment holding
Cybricity Limited	Hong Kong 28 April 2000	HK$2	100%	100%	Hong Kong	Investment holding

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2015 (note a)	2014	Place of operation	Principal activities
Dalian Yingjia Science and Technology Development Co., Ltd. (Note d)	PRC 3 December 2009	Registered and paid up capital US$23,000,000	100%	100%	PRC	Science and technology development
East Capital Development Limited	Hong Kong 18 April 2008	HK$1	100%	100%	Hong Kong	Investment holding
East Trend Limited	Hong Kong 14 February 2001	HK$2	78.11%	100%	Hong Kong	Investment holding
Eastern View Limited	Hong Kong 18 October 2007	HK$1	100%	100%	Hong Kong	Investment holding
Ever Finance International Limited	BVI 27 February 2013	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Excel Efficient Limited	BVI 19 August 2002	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Excellent Goal Limited	Hong Kong 16 January 2014	HK$1	100%	100%	Hong Kong	Dormant
Excellent Hope Limited	Hong Kong 5 February 2014	HK$1	100%	100%	Hong Kong	Dormant
Excellent Win Enterprises Limited	Hong Kong 5 February 2010	HK$1	100%	100%	Hong Kong	Investment holding
Famous Scene Holdings Limited	BVI 13 December 2007	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Fast China Limited	BVI 23 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Feng Cheng Property Management Services Limited	Hong Kong 14 November 2003	HK$100	100%	100%	Hong Kong	Investment holding
Fieldcity Investments Limited	BVI 30 March 2005	100 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Firm Gain Investments Limited	BVI 26 July 2011	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Focus Top Limited	Hong Kong 24 April 1998	HK$2	78.11%	100%	Hong Kong	Investment holding
Foresight Profits Limited	BVI 8 February 2001	10,000 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Fo Shan An Ying Property Development Co., Ltd. (Note d)	PRC 8 January 2008	Registered and paid up capital RMB830,000,000	100%	100%	PRC	Property development
Fo Shan Rui Dong Property Development Co., Ltd. (Note d)	PRC 25 April 2008	Registered and paid up capital RMB1,290,000,000	100%	100%	PRC	Property development
Fo Shan Rui Fang Property Development Co., Ltd. (Note d)	PRC 21 May 2008	Registered and paid up capital RMB690,000,000	100%	100%	PRC	Property development
Fo Shan Rui Kang Tian Di Property Development Co., Ltd. (Note d)	PRC 21 May 2008	Registered and paid up capital RMB690,000,000	100%	100%	PRC	Property development
Fo Shan Shui On Property Development Co., Ltd. (Note d)	PRC 8 January 2008	Registered and paid up capital RMB900,000,000	100%	55.9%	PRC	Property development
Fo Shan Yi Kang Property Development Co., Ltd. (Note d)	PRC 8 January 2008	Registered and paid up capital RMB1,130,000,000	100%	100%	PRC	Property development
Fo Shan Yi Kang Hotel Management Co., Ltd. (Note d)	PRC 8 August 2011	Registered and paid up capital RMB5,000,000	100%	100%	PRC	Hotel management
Fo Shan Yong Rui Tian Di Property Development Co., Ltd. (Note d)	PRC 21 March 2008	Registered and paid up capital RMB690,000,000	100%	100%	PRC	Property development
Fo Shan Yuan Kang Property Development Co., Ltd. (Note d)	PRC 29 February 2008	Registered capital RMB1,310,000,000 paid up capital RMB1,298,128,700	100%	100%	PRC	Property development

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2015 (note a)	Attributable equity interest held 2014 (note a)	Place of operation	Principal activities
Fo Shan Shui On Tiandi Trading Co., Ltd. (Note d)	PRC 3 August 2010	Registered and paid up capital RMB1,000,000	100%	100%	PRC	Retail business
Fuhui Limited	BVI 1 April 2010	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Gains Ally Limited	BVI 3 May 2013	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Galore Profits Limited	BVI 23 January 2001	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Global Ocean Investments Limited	BVI 1 November 2002	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Globaland Limited	Hong Kong 30 October 2002	HK$2	100%	100%	Hong Kong	Investment holding
Globe State Properties Limited	BVI 12 October 2005	100 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Glory Advance Investments Limited	BVI 18 August 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Glory Land Investment Limited	Cayman Islands 3 July 2012	100 ordinary shares of US$1 each	100%	51%	Hong Kong	Investment holding
Glory Wing Holdings Limited	BVI 15 January 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Grand Hope Limited	Hong Kong 14 March 2003	100 A ordinary shares of HK$1 each and 2 B ordinary shares of HK$1 each	A shares: 100% B shares: 100%	A shares: 100% B shares: 100%	Hong Kong	Investment holding
Greatwood Development Limited	Hong Kong 22 April 2013	HK$1	100%	100%	Hong Kong	Dormant
Great Star (H.K.) Limited	Hong Kong 15 October 2013	HK$1	100%	100%	Hong Kong	Dormant
Hing Tin Investments Limited	BVI 23 October 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Hollyfield Holdings Limited	Mauritius 19 April 2001	2 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Infoshore International Limited	BVI 1 November 2002	100 ordinary shares of US$1 each	78.11%	100%	Hong Kong	Investment holding
Info Union Limited	Hong Kong 18 October 2007	HK$1	100%	100%	Hong Kong	Investment holding
Innovate Zone Group Limited	BVI 3 January 2007	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Intellect Profit Investments Limited	BVI 10 August 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Interchina International Limited	BVI 12 January 2001	100 ordinary shares of US$1 each	78.11%	100%	Hong Kong	Investment holding
Join Legend Limited	Hong Kong 2 June 2006	HK$1	100%	100%	Hong Kong	Investment holding
Joyous Bond Limited	BVI 18 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Keen Allied Investments Limited	BVI 18 September 2002	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
King Concord Limited	Hong Kong 3 October 2006	HK$1	78.11%	100%	Hong Kong	Investment holding
Kinmax Limited	Hong Kong 24 April 1998	HK$2	78.11%	100%	Hong Kong	Investment holding
Land Pacific Limited	Hong Kong 2 November 2007	HK$1	100%	100%	Hong Kong	Investment holding
Landson (H.K.) Limited	Hong Kong 5 March 2013	HK$1	100%	100%	Hong Kong	Investment holding
Lucky Gain Limited	Hong Kong 8 November 2002	HK$2	100%	100%	Hong Kong	Investment holding
Lucky Mate Development Limited	Hong Kong 15 October 2014	HK$1	100%	100%	Hong Kong	Investment holding

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2015 (note a)	Attributable equity interest held 2014 (note a)	Place of operation	Principal activities
Magic Best Investments Limited	BVI 19 July 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Magic Bright Investments Limited	BVI 18 September 2007	20 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Magic Shine Limited	BVI 3 April 2013	1 ordinary share of US$1	100%	100%	Hong Kong	Dormant
Marble Way Limited	BVI 28 August 1996	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Merry Wave Limited	BVI 23 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Modern Prosper Investments Limited	BVI 1 November 2002	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Mount Eastern Limited	BVI 18 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Nation Development Limited	Hong Kong 26 October 2010	HK$1	–	100%	Hong Kong	Dormant
New Asia Limited	Hong Kong 31 October 2003	HK$2	100%	100%	Hong Kong	Dormant
New Power Profits Limited	BVI 18 October 2005	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
New Venture Enterprises Limited	Hong Kong 26 October 2010	HK$1	100%	100%	Hong Kong	Investment holding
Next Victory Ventures Limited	BVI 2 July 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Nice In Investments Limited	BVI 18 October 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Onfair Limited	Hong Kong 13 November 2002	HK$2	100%	100%	Hong Kong	Investment holding
Onwin Limited	Hong Kong 13 November 2002	HK$2	100%	100%	Hong Kong	Investment holding
On Target Holdings Limited	BVI 4 March 2014	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Oriental Gain Limited	Hong Kong 2 February 2001	HK$2	100%	100%	Hong Kong	Investment holding
Oriental Host Limited	Hong Kong 23 October 2007	HK$1	100%	100%	Hong Kong	Investment holding
Pacific Sunrise Holdings Limited	BVI 16 January 2013	1 ordinary share of US$1	78.11%	–	Hong Kong	Investment holding
Pacific Victory Development Limited	Hong Kong 3 April 2014	HK$1	100%	100%	Hong Kong	Dormant
Pat Daive (China) Limited	Hong Kong 1 November 1994	HK$2	100%	100%	Hong Kong	Investment holding
Port Pilot Limited	BVI 25 March 2013	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Power Fast Holdings Limited	Hong Kong 11 March 2008	HK$1	100%	100%	Hong Kong	Investment holding
Princemax Limited	Hong Kong 15 April 1998	HK$2	78.11%	100%	Hong Kong	Investment holding
Profit Estate Limited	BVI 30 October 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Profitstock Holdings Limited	BVI 2 June 2005	100 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Prosper Profit Holding Limited	BVI 6 May 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Regal Victory Limited	Hong Kong 18 October 2007	HK$1	100%	100%	Hong Kong	Investment holding
Radiant Colour Limited	BVI 19 February 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Renown Best Limited	BVI 18 February 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Rich Bright Holdings Limited	BVI 29 July 2011	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held (note a) 2015	2014	Place of operation	Principal activities
Rich Prime Limited	Hong Kong 18 October 2007	HK$1	100%	100%	Hong Kong	Investment holding
Rightchina Limited	BVI 2 July 2008	100 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Rightidea Limited	BVI 2 July 2008	100 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Rimmer Investments Limited	BVI 22 July 1994	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Rise Lake Investments Limited	BVI 23 August 2007	10 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Score High Limited	BVI 12 February 2003	1,000 ordinary shares of US$1 each	100%	100%	Hong Kong	Investment holding
Selfers Limited	BVI 29 November 1995	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shanghai Bai-Xing Properties Co., Ltd. (Note d)	PRC 2 February 1999	Registered and paid up capital RMB146,761,000	78.11%	100%	PRC	Property development and property investment
Shanghai Cai Xing Properties Development Co., Ltd. (Note b)	PRC 16 May 2014	Registered capital RMB3,600,000,000 paid up capital RMB2,150,000,000	99%	99%	PRC	Property development
Shanghai Fu Ji Properties Co., Ltd. (Note b)	PRC 18 January 2004	Registered and paid up capital US$35,773,000	99%	99%	PRC	Property development
Shanghai Fu-Xiang Properties Co., Ltd. (Note b)	PRC 19 December 2001	Registered and paid up capital RMB645,000,000	77.33%	99%	PRC	Property development and property investment
Shanghai Ji-Xing Properties Co., Ltd. (Note d)	PRC 2 February 1999	Registered and paid up capital RMB69,452,000	78.11%	100%	PRC	Property development and property investment
Shanghai JingFu Property Co., Ltd. (Note b)	PRC 26 December 2001	Registered and paid up capital RMB400,000,000	99%	99%	PRC	Property development
Shanghai Jiu Hai Rimmer Properties Co., Ltd. (Note b)	PRC 1 November 1994	Registered and paid up capital US$30,000,000	62.49%	80%	PRC	Property development and property investment
Shanghai Knowledge and Innovation Community Development Co., Ltd (Note b)	PRC 9 June 2010	Registered and paid up capital HK$1,550,000,000	99%	99%	PRC	Property development
Shanghai Le Fu Properties Co., Ltd. (Note b)	PRC 20 February 2004	Registered and paid up capital US$240,500,000	77.33%	99%	PRC	Property development
Shanghai IPO Food & Beverage Co., Ltd. (Note d)	PRC 6 September 2006	Registered and paid up capital US$1,890,000	100%	100%	PRC	Food and beverage services
Shanghai Rui Chen Property Co., Ltd. (Note d)	PRC 6 May 1996	Registered and paid up capital RMB189,000,000	100%	100%	PRC	Property development and property investment
Shanghai Rui Qiao Property Development Co., Ltd. (Note d)	PRC 28 December 2010	Registered and paid up capital RMB3,900,000,000	78.11%	100%	PRC	Property development
Shanghai Rui Hong Xin Cheng Co., Ltd. (Note c)	PRC 2 July 2001	Registered and paid up capital RMB6,700,000,000	99%	99%	PRC	Property development and property investment
Shanghai Shui On Club Business Management Co., Ltd. (Note d)	PRC 29 July 2010	Registered and paid up capital RMB200,000	100%	100%	PRC	Provision of business management services
Shanghai Tai Ping Qiao Properties Management Co., Ltd. (Note d)	PRC 31 August 2001	Registered and paid up capital US$198,000	78.11%	100%	PRC	Property management

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held (note a) 2015	2014	Place of operation	Principal activities
Shanghai Xin-Tian-Di Plaza Co., Ltd. (Note d)	PRC 2 February 1999	Registered and paid up capital RMB98,261,000	78.11%	100%	PRC	Property development and property investment
Shanghai Xing Bang Properties Co., Ltd. (Note d)	PRC 21 June 2001	Registered and paid up capital RMB287,595,000	–	100%	PRC	Property development and property investment
Shanghai Xing-Qi Properties Co., Ltd. (Note d)	PRC 2 February 1999	Registered and paid up capital RMB266,653,000	78.11%	100%	PRC	Property development and property investment
Shanghai Yang Pu Centre Development Co., Ltd. (Note b)	PRC 26 August 2003	Registered and paid up capital US$137,500,000	86.8%	86.8%	PRC	Property development and property investment
Shui On Development (Holding) Limited	Cayman Islands 27 July 2005	22 ordinary shares of US$0.01 each	100%	100%	Hong Kong	Investment holding and debt financing
Shui On Development (Singapore) Pte. Limited	Singapore 27 December 2011	1 ordinary share of US$10	100%	100%	Singapore	Debt financing
Shui On Granpex Limited	Hong Kong 13 January 1997	HK$2	100%	100%	Hong Kong	Investment holding
Shui On Land Management Limited	Hong Kong 12 May 2004	HK$1	100%	100%	Hong Kong	Provision of management services
Shui On Resort Community (Lijiang) Holding Limited	BVI 28 April 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Lijiang) Limited	Hong Kong 5 May 2008	HK$1	–	100%	Hong Kong	Dormant
Shui On Resort Community (Shangri-La) Holding Limited	BVI 6 May 2008	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Shangri-La) Limited	Hong Kong 13 May 2008	HK$1	–	100%	Hong Kong	Dormant
Shui On Resort Community (Kunming) Holding Limited	BVI 18 July 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shui On Resort Community (Kunming) Limited	Hong Kong 25 July 2006	HK$1	–	100%	Hong Kong	Dormant
Shui On Resort Community (Yunnan) Development Limited	Cayman Islands 17 July 2006	1 ordinary share of US$0.01	100%	100%	Hong Kong	Investment holding
Shine First Limited	BVI 25 October 2006	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Shine Prime Investments Limited	BVI 2 November 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Shui On Secretaries & Nominees Limited	Hong Kong 30 November 2006	HK$1	100%	100%	Hong Kong	Provision of secretarial services
Silomax Limited	BVI 25 March 1996	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Simply Creative Limited	BVI 19 December 2013	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Sino Atrium Global Limited	BVI 3 June 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Sinomount Holdings Limited	BVI 18 October 2013	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Sino Ascend Holdings Limited	BVI 9 February 2015	1 ordinary share of US$1	78.11%	–	Hong Kong	Investment holding
Sino Charter (Hong Kong) Limited	Hong Kong 6 January 2015	HK$1	78.11%	–	Hong Kong	Investment holding
Sino City (Hong Kong) Limited	Hong Kong 9 January 2014	HK$1	78.11%	100%	Hong Kong	Investment holding
Sino Gate Developments Limited	BVI 3 June 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Sino Heritage Holdings Limited	BVI 28 October 2014	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Sino Realty Limited	Hong Kong 3 October 2006	HK$1	100%	100%	Hong Kong	Investment holding

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2015 (note a)	Attributable equity interest held 2014 (note a)	Place of operation	Principal activities
Sino Region Global Limited	BVI 16 February 2015	1 ordinary share of US$1	78.11%	–	Hong Kong	Investment holding
Sino Wisdom Investments Limited	BVI 12 May 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Sino Luck International Limited	BVI 3 June 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Smart Century Limited	Hong Kong 18 October 2007	HK$1	100%	100%	Hong Kong	Investment holding
Sky Link (Hong Kong) Limited	Hong Kong 27 March 2014	HK$1	78.11%	100%	Hong Kong	Dormant
Splendid Return Investments Limited	Hong Kong 13 May 2008	HK$1	–	100%	Hong Kong	Dormant
Star Harvest Development Limited	Hong Kong 22 April 2013	HK$1	100%	100%	Hong Kong	Dormant
Strategic Glory Limited	BVI 28 May 2014	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Success Champion Investments Limited	Hong Kong 26 March 2014	HK$1	100%	100%	Hong Kong	Dormant
Success Link (H.K.) Limited	Hong Kong 7 February 2014	HK$1	100%	100%	Hong Kong	Dormant
Success Sino Investment Limited	Hong Kong 6 November 2013	HK$1	100%	100%	Hong Kong	Dormant
Super Field Limited	Hong Kong 25 February 2005	HK$1	100%	100%	Hong Kong	Investment holding
Super Value Global Limited	BVI 28 May 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Super Victory Global Limited	BVI 30 May 2014	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Super Viva Limited	BVI 11 March 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Taipingqiao Holding Company Limited	BVI 25 October 2011	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Target Success Investments Limited	BVI 4 March 2014	1 ordinary share of US$1	78.11%	100%	Hong Kong	Dormant
Timezone Management Limited	BVI 28 February 2001	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Tip Profit Limited	BVI 18 July 2006	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Toprace Corporate Limited	BVI 28 February 2014	1 ordinary share of US$1	78.11%	100%	Hong Kong	Investment holding
Top Glory (HK) Limited	Hong Kong 7 February 2014	HK$1	78.11%	100%	Hong Kong	Investment holding
Top Faith Development Limited	Hong Kong 18 April 2008	HK$1	100%	100%	Hong Kong	Investment holding
Top Victory Development Limited	Hong Kong 5 March 2008	HK$1	100%	100%	Hong Kong	Investment holding
Trendex Investment Limited	Hong Kong 6 January 1997	HK$91,920,000	78.11%	–	PRC	Property investment
Triumph Sky Group Limited	BVI 23 October 2007	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
True Perfect Investments Limited	BVI 3 July 2014	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Union Grow Limited	Hong Kong 8 November 2002	HK$2	78.11%	100%	Hong Kong	Investment holding
Value Land Investment Limited	Cayman Islands 2 September 2011	1,010,000 ordinary shares of US$0.01 each	100%	100%	Hong Kong	Investment holding
Victory Win Development Limited	Hong Kong 18 April 2008	HK$1	100%	100%	Hong Kong	Investment holding
Visual King Limited	BVI 25 March 2013	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2015 (note a)	Attributable equity interest held 2014 (note a)	Place of operation	Principal activities
Winsome Sino Limited	BVI 11 October 2013	1 ordinary share of US$1	100%	100%	Hong Kong	Investment holding
Wise Keen International Limited	Hong Kong 24 April 2008	HK$1	100%	100%	Hong Kong	Investment holding
Wuhan Shui On Tiandi Property Development Co., Ltd. (Note d)	PRC 2 August 2005	Registered and paid up capital US$273,600,000	100%	100%	PRC	Property development and property investment
上海百麗房地產開發有限公司 (Shanghai Baili Property Development Co., Ltd.*) (Note d)	PRC 29 August 2002	Registered and paid up capital RMB100,000,000	100%	100%	PRC	Property development and property investment
上海豐誠物業管理有限公司 (Shanghai Feng Cheng Property Management Co., Ltd.*) (Note d)	PRC 18 January 2004	Registered and paid up capital RMB37,079,950	100%	100%	PRC	Property management
上海豐誠楊浦物業管理有限公司 (Shanghai Feng Cheng Yang Pu Property Management Co., Ltd*) (Note e)	PRC 21 July 2010	Registered and paid up capital RMB950,000	100%	100%	PRC	Property management
上海豐誠虹口物業管理有限公司 (Shanghai Feng Cheng Hongkou Property Management Co., Ltd*) (Note e)	PRC 17 July 2015	Registered capital RMB500,000 paid up capital nil	100%	–	PRC	Property management
上海瑞橋企業管理有限公司 (Shanghai Rui Qiao Enterprise Management Co., Ltd.*) (Note e)	PRC 23 April 2009	Registered and paid up capital RMB1,000,000	86.8%	86.8%	PRC	Property development
上海瑞展教育信息咨詢有限公司(Shanghai Rui Zhan Education Information Consultant Co., Ltd.*) (Note e)	PRC 20 April 2010	Registered and paid up capital RMB100,000	100%	100%	PRC	Provision of education information and consultancy services
上海瑞安房地產發展有限公司 (Shui On Development Limited*) (Note d)	PRC 14 June 2004	Registered and paid up capital US$58,000,000	100%	100%	PRC	Provision of management services
上海豐誠速和物業管理有限公司(Note e)	PRC 25 November 2015	Registered capital RMB500,000 paid up capital nil	100%	–	PRC	Property management
上海家連商貿有限公司 (Note e)	PRC 25 November 2015	Registered capital RMB1,000,000 paid up capital nil	100%	–	PRC	Retail and trade business
武漢瑞安商祺房產管理有限公司 (Wuhan Shuion Shangqi Real Estate Management Co., Ltd)(Note d)	PRC 24 July 2012	Registered and paid up capital US$14,400,000	78.11%	100%	PRC	Property investment
武漢瑞安天地商貿有限公司 (Wuhan Shui On Tian Di Trading Co., Ltd.*) (Note d)	PRC 8 January 2007	Registered and paid up capital US$1,800,000	100%	100%	PRC	Retail business
上海夏欣商業管理有限公司 (Shanghai Best Scene Commercial Management Co., Ltd*) (Note d)	PRC 31 May 2012	Registered and paid up capital US$25,000,000	78.11%	76.6%	PRC	Provision of management services
上海新天地商業管理有限公司 (Shanghai Xintiandi Management Limited*) (Note d)	PRC 25 February 2013	Registered and paid up capital US$10,000,000	78.11%	100%	PRC	Provision of management services

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held 2015 (note a)	Attributable equity interest held 2014 (note a)	Place of operation	Principal activities
上海新天地品牌管理有限公司 (Shanghai Xintiandi Branding Management Limited*) (Note d)	PRC 9 October 2014	Registered capital RMB500,000 paid up capital nil	78.11%	100%	PRC	Provision of management services
新天地商務管理(上海)有限公司 (Xintiandi Commercial Management (Shanghai) Limited*) (Note d)	PRC 28 August 2014	Registered capital RMB500,000 paid up capital RMB50,200.40	78.11%	100%	PRC	Provision of management services
新天地(上海)酒店資產管理有限公司 (Xintiandi (Shanghai) Hospitality Assets Management Co., Ltd.*) (Note d)	PRC 28 June 2014	Registered capital RMB2,800,000 paid up capital nil	78.11%	100%	PRC	Hotel management
新天地(上海)酒店管理有限公司 (Xintiandi (Shanghai) Hospitality Management Co., Ltd.*)(Note d)	PRC 17 March 2014	Registered and paid up capital RMB2,800,000	100%	100%	PRC	Hotel management
大連嘉銳科技發展有限公司 (Dalian Jiarui Science & Technology Development Co., Ltd.*) (Note d)	PRC 5 November 2009	Registered and paid up capital US$10,000,000	100%	100%	PRC	Science and technology development
重慶豐德豪門實業有限公司 (Chongqing Fengde Haomen Industrial Co., Ltd.*) (Note e)	PRC 26 April 2006	Registered and paid up capital RMB10,000,000	100%	100%	PRC	Property development
瑞安建築有限公司 (Shui On Construction Co., Ltd.*) (Note b)	PRC 27 April 1985	Registered and paid up capital RMB100,000,000	85%	85%	PRC	Provision of construction services
上海德基諮詢有限公司 (Shanghai De Ji Consultant Co., Ltd.*) (Note d)	PRC 13 May 2003	Registered and paid up capital US$140,000	100%	100%	PRC	Provision of consultancy services
上海德建裝飾工程有限公司 (Shanghai De Jian Decoration Construction Co., Ltd.*) (Note d)	PRC 5 August 2008	Registered and paid up capital US$800,000	100%	100%	PRC	Provision of decoration services
上海衡景貿易有限公司 (Shanghai Heng Jin Trading Co., Ltd.*) (Note d)	PRC 1 August 2011	Registered and paid up capital RMB50,000,000	100%	100%	PRC	Retail business
上海創派投資諮詢有限公司 (Shanghai Chuang Pai Investment Consultancy Co., Ltd.*) (Note d)	PRC 30 July 2015	Registered capital RMB3,000,000 paid up capital RMB450,000	100%	–	PRC	Investment consultancy
上海瑞安創智商業經營管理有限公司 (Shanghai Rui An Chuang ZhiBusiness Management Co., Ltd.*) (Note e)	PRC 12 December 2013	Registered and paid up capital RMB500,000	86.8%	86.8%	PRC	Provision of management and consultancy services
上海瑞新房產經營有限公司 (Note d)	PRC 12 January 2015	Registered and paid up capital RMB265,000,000	100%	–	PRC	Property management
武漢壹方商業管理有限公司 (Note e)	PRC 3 December 2015	Registered and paid up capital RMB100,000	78.11%	–	PRC	Provision of management services

Notes:

a. The Company directly holds the equity interest in Shui On Development (Holding) Limited. All other equity interests shown above are indirectly held by the Company.
b. This Company is a sino-foreign equity joint venture.
c. This Company is a sino-foreign cooperative joint venture.
d. This Company is a wholly-foreign owned enterprise.
e. This Company is a wholly-domestic owned enterprise.
f. Except for China Xintiandi Holding Company Limited, Shui On Development (Holding) Limited and Shui On Development (Singapore) Pte. Limited, none of the subsidiaries had any debt securities or any other securities (other than ordinary/registered share capital) subsisting at 31 December 2015 or at any time during the year.

* For identification purposes

49. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

	Proportion of equity interest held by non-controlling shareholders At 31 December		Profit allocated to non-controlling shareholders Year ended 31 December		Accumulated non-controlling interests At 31 December	
	2015	2014	2015 RMB'million	2014 RMB'million	2015 RMB'million	2014 RMB'million
Name of subsidiary						
China Xintiandi	21.89%	– (Note)	327	–	3,783	–
Individually immaterial subsidiaries with non-controlling interests	N/A	N/A	101	172	1,278	1,162
			428	172	5,061	1,162

Note:
During the current year, the holder of the CPS has converted the CPS into ordinary shares of China Xintiandi (see note 32).

Summarised financial information in respect of China Xintiandi is set out below. The summarised financial information below represents amounts before intragroup eliminations:

	At 31 December	
	2015 RMB'million	2014 RMB'million
Current assets	10,182	3,512
Non-current assets	23,788	31,902
Current liabilities	10,823	3,436
Non-current liabilities	5,130	12,851
Equity attributable to equity holders of China Xintiandi	17,281	18,529

	Year ended 31 December	
	2015 RMB'million	2014 RMB'million
Revenue	1,138	977
Profit and total comprehensive income for the year	3,976	1,405
Dividend paid to owners of CPS	254	128
Dividend paid to non-controlling shareholder of China Xintiandi	860	–
Net cash from operating activities	441	712
Net cash from (used in) investing activities	5,952	(2,105)
Net cash (used in) from financing activities	(7,454)	2,415
Net cash (outflow) inflow	(1,061)	1,022

FINANCIAL SUMMARY

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December

	2011 RMB' million	2012 RMB' million	2013 RMB' million	2014 RMB' million	2015 RMB' million
Turnover	8,484	4,821	9,828	10,249	6,472
Profit attributable to shareholders	3,428	2,029	2,125	1,778	788
Owners of convertible perpetual securities	–	–	–	224	174
Owners of perpetual capital securities	–	19	314	311	316
Owners of convertible perpetual capital securities	–	–	–	–	61
Non-controlling shareholders of subsidiaries	570	307	266	172	428
Profit for the year	3,998	2,355	2,705	2,485	1,767

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 December

	2011 RMB' million	2012 RMB' million	2013 RMB' million	2014 RMB' million	2015 RMB' million
Investment properties	36,395	46,624	50,273	58,162	55,600
Property, plant,and equiptment	1,079	3,782	3,577	1,418	2,268
Prepaid lease payments	500	671	586	131	128
Properties under development for sale	17,247	20,150	22,711	14,684	20,102
Properties held for sale	987	3,274	1,536	4,648	2,560
Interests in and loans to associates	2,423	2,923	2,740	2,717	2,524
Interests in and loans to joint ventures	–	–	700	1,805	2,939
Account receivables, deposits, and prepayments	2,589	2,708	5,237	9,222	10,951
Other assets	1,014	852	1,062	3,106	9,484
Pledged bank deposits, restricted bank deposits, bank balances and cash	6,370	8,633	10,180	12,430	10,614
Total assets	68,604	89,617	98,602	108,323	117,170
Current liabilities	16,474	20,563	19,229	20,387	29,910
Non-current liabilities	22,659	31,786	37,199	43,014	41,142
Total liabilities	39,133	52,349	56,428	63,401	71,052
Net assets	29,471	37,268	42,174	44,922	46,118
Equity attributable to:					
Shareholders of the Company	27,945	31,481	36,155	37,811	36,645
Owners of convertible perpetual securities	–	–	–	2,898	16
Owners of convertible perpetual capital securities	–	–	–	–	1,346
Owners of perpetual capital securities	–	3,093	3,094	3,051	3,050
Non-controlling shareholders of subsidiaries	1,526	2,694	2,925	1,162	5,061
Total equity	29,471	37,268	42,174	44,922	46,118

PER SHARE DATA

for the year ended 31 December

	2011	2012 (Restated)	2013	2014	2015
Basic earnings per share (RMB)	0.66	0.32	0.28	0.22	0.10
Dividend per share					
– Interim paid (HK$)	0.025	0.025	0.022	0.022	0.022
– Final proposed (HK$)	0.100	0.035	0.040	0.040	0.028
– Full year (HK$)	0.125	0.060	0.062	0.062	0.050
Bonus shares	–	–	–	–	–

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Vincent H. S. LO (Chairman)

Mr. Frankie Y. L. WONG

Mr. Douglas H. H. SUNG (Chief Financial Officer)

Independent Non-executive Directors

Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Dr. Roger L. McCARTHY
Mr. David J. SHAW
Mr. Anthony J. L. NIGHTINGALE

Audit Committee

Professor Gary C. BIDDLE (Chairman)
Dr. Roger L. McCARTHY
Mr. David J. SHAW

Remuneration Committee

Dr. William K. L. FUNG (Chairman)
Mr. Vincent H. S. LO
Professor Gary C. BIDDLE

Nomination Committee

Mr. Vincent H. S. LO (Chairman)
Sir John R. H. BOND
Professor Gary C. BIDDLE

Finance Committee

Mr. Vincent H. S. LO (Chairman)
Mr. Frankie Y. L. WONG (Vice Chairman)
Sir John R. H. BOND
Dr. William K. L. FUNG
Professor Gary C. BIDDLE
Mr. Douglas H. H. SUNG
Mr. Anthony J. L. NIGHTINGALE

Company Secretary

Mr. UY Kim Lun

Auditor

Deloitte Touche Tohmatsu

Legal Advisers

Freshfields Bruckhaus Deringer
Mayer Brown JSM

Registered Office

190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Corporate Headquarters

26/F, Shui On Plaza
333 Huai Hai Zhong Road
Shanghai 200021
PRC

Place of Business in Hong Kong

34/F, Shui On Centre
6-8 Harbour Road
Wan Chai
Hong Kong

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F,
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Principal Bankers

Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
China Merchants Bank Co., Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Standard Chartered Bank Limited
United Overseas Bank Limited

Stock Code

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Website

www.shuionland.com

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